National Library
of Canada

Acquisitions and
Bibliographic Services Branch

395 Wellington Street
Ottawa, Ontario
K1A 0N4

Bibliothèque nationale
du Canada

Direction des acquisitions et
des services bibliographiques

395, rue Wellington
Ottawa (Ontario)
K1A 0N4

Your file Votre référence

Our file Notre référence

NOTICE

The quality of this microform is heavily dependent upon the quality of the original thesis submitted for microfilming. Every effort has been made to ensure the highest quality of reproduction possible.

If pages are missing, contact the university which granted the degree.

Some pages may have indistinct print especially if the original pages were typed with a poor typewriter ribbon or if the university sent us an inferior photocopy.

Reproduction in full or in part of this microform is governed by the Canadian Copyright Act, R.S.C. 1970, c. C-30, and subsequent amendments.

AVIS

La qualité de cette microforme dépend grandement de la qualité de la thèse soumise au microfilmage. Nous avons tout fait pour assurer une qualité supérieure de reproduction.

S'il manque des pages, veuillez communiquer avec l'université qui a conféré le grade.

La qualité d'impression de certaines pages peut laisser à désirer, surtout si les pages originales ont été dactylographiées à l'aide d'un ruban usé ou si l'université nous a fait parvenir une photocopie de qualité inférieure.

La reproduction, même partielle, de cette microforme est soumise à la Loi canadienne sur le droit d'auteur, SRC 1970, c. C-30, et ses amendements subséquents.

Canada

University of Alberta

Changing Values and their Relationship with Changing Organizational Design

by

©

Clarence Glen Anderson

A thesis submitted to the Faculty of Graduate Studies and Research in partial fulfillment of the requirements for the degree of Doctor of Philosophy

in

Organizational Analysis

Faculty of Business

Edmonton, Alberta

Spring 1996

National Library
of Canada

Acquisitions and
Bibliographic Services Branch

395 Wellington Street
Ottawa, Ontario
K1A 0N4

Bibliothèque nationale
du Canada

Direction des acquisitions et
des services bibliographiques

395, rue Wellington
Ottawa (Ontario)
K1A 0N4

Your file Votre référence

Our file Notre référence

The author has granted an irrevocable non-exclusive licence allowing the National Library of Canada to reproduce, loan, distribute or sell copies of his/her thesis by any means and in any form or format, making this thesis available to interested persons.

The author retains ownership of the copyright in his/her thesis. Neither the thesis nor substantial extracts from it may be printed or otherwise reproduced without his/her permission.

L'auteur a accordé une licence irrévocable et non exclusive permettant à la Bibliothèque nationale du Canada de reproduire, prêter, distribuer ou vendre des copies de sa thèse de quelque manière et sous quelque forme que ce soit pour mettre des exemplaires de cette thèse à la disposition des personnes intéressées.

L'auteur conserve la propriété du droit d'auteur qui protège sa thèse. Ni la thèse ni des extraits substantiels de celle-ci ne doivent être imprimés ou autrement reproduits sans son autorisation.

ISBN 0-612-10567-9

Canada

University of Alberta

Library Release Form

Name of Author: Clarence Glen Anderson

Title of Thesis: Changing Values and their Relationship with Changing Organizational Design

Degree: Doctor of Philosophy

Year this Degree Granted: 1996

Permission is hereby granted to the University of Alberta Library to reproduce single copies of this thesis and to lend or sell such copies for private, scholarly, or scientific research purposes only.

The author reserves all other publication and other rights in association with the copyright in the thesis, and except as hereinbefore provided, neither the thesis nor any substantial portion thereof may be printed or otherwise reproduced in any material form whatever without the author's prior written permission.

Clarence Glen Anderson

Clarence Glen Anderson
26 Ivy Lane
College Place, Washington
USA

12 January, 1996

University of Alberta

Faculty of Graduate Studies and Research

The undersigned certify that they have read, and recommend to the Faculty of Graduate Studies and Research for acceptance, a thesis entitled Changing Values and their Relationship with Changing Organizational Design by Clarence Glen Anderson in partial fulfillment of the requirements for the degree of Doctor of Philosophy in Organizational Analysis.

CR Hinings

C.R. Hinings

J. Bartunek

Jean Bartunek

Judith Golec

Judith Golec

R Greenwood

Royston Greenwood

Harvey Krahn

January 30, 1996

DEDICATION

I dedicate this thesis to:

my wife, Judy, for her loving support and encouragement,
my children, Cordel and Talea, for their gracious acceptance of the sacrifices,
my advisor and mentor, Bob Hinings, for sharing his wisdom and concern,
my other committee members, for their advice and support,
the subjects of this study, for their cooperation.

ABSTRACT

The purpose of this study is to test and extend theory involving the relationship between changing values and changing organizational design. I attempt to explain the influence values and changes in values have in organizational design outcomes, the influence that organizational design has on maintaining and causing change in values, and the chronological ordering of values and design when changing. To achieve this I chose a single case study design involving an organization that went through significant change in values and design. Within the history of the organization (the primary unit of analysis), I analyzed four pivotal periods (embedded units of analysis).

Results add further evidence to the proposition that change is value-led. More interestingly, the findings from this case show that significant change may occur even with a relatively high degree of continuity of values. Rather than a change to a new set of values, change in values that lead and become embodied in changes in organizational design may be change in saliency and/or change in the relationship among values. Three different relationships among values were found: members may view the values they hold as complementary to each other, as competing with each other, or as independent of each. Finally, I develop a new conceptual framework that highlights the most predominant change type found in this case in which values wax and wane continuously and then crisis prompts decision makers to select new key members who re-align values and organizational design.

TABLE OF CONTENTS

Chapter Page

1. INTRODUCTION 1

2. A CONCEPTUAL FRAMEWORK RELATING VALUES AND ORGANIZATIONAL DESIGN THROUGH TIME 6
   2.0 Overview 6
   2.1 Specification of terms 7
      A. Values 7
      B. Organizational design and performance evaluation mechanisms 13
      C. Context: Environment and performance 16
   2.2 Initiation of values and organizational design 20
   2.3 Maintenance of values and organizational design 22
   2.4 Changing of values and organizational design 26
   2.5 Summary 33

3. A RESEARCH DESIGN TO TEST AND ELABORATE THE CONCEPTUAL FRAMEWORK 35
   3.0 Overview 35
   3.1 Rationale for a single case study design 36
   3.2 The criteria of rigour 41
      A. Internal validity 41
      B. Generalizability 45
      C. Reliability 46
      D. Objectivity 47
   3.3 Research site 48
   3.4 Search for change periods - Embedded units of analysis 51
   3.5 Data Sources 57
      A. Interviews 57
      B. Archival materials 60
      C. Environment data sources 60
   3.6 Analysis 62
   3.7 Conclusion 66

4. P_0 - FOUNDING PERIOD 70
   4.0 General description of the founding period 70
   4.1 Salient values held during the period 71
      A. *Raison d'etre* values 71
      B. Domain values 83
      C. Evaluation criteria values 84
      D. Organizing principles values 84
      E. Saliency of values 86
   4.2 Organizational design in place during the period 88

A. Domain 90
B. Job specialization 90
C. Formalization 90
D. Recruiting, hiring, and indoctrination 91
E. Training 92
F. Compensation systems 93
G. Planning and control systems 94
4.3 Organization performance evaluation mechanisms 96
4.4 Emergent or prescribed nature of organizational design and performance evaluation mechanisms 97
4.5 Context: Environment and performance 98
4.6 Analysis, summary and conclusions 99
A. Hierarchical nature of the salient values 99
B. The embodiment of salient values in organizational design and performance evaluation mechanisms 102
C. The chronological ordering of salient values and organizational design 103
D. Conclusions 105

5. P_1 - KEY MEMBER CHANGES AND FINANCIAL CRISIS 106
5.0 General description of the period 106
5.1 Salient values held during the period 110
A. *Raison d'etre* values 110
B. Domain values 119
C. Evaluation criteria values 119
D. Organizing principles values 120
E. Saliency of values 122
5.2 Organizational design in place during the period 123
A. Domain 128
B. Job specialization 129
C. Formalization 130
D. Recruiting, hiring, and indoctrination 132
E. Training 137
F. Compensation systems 138
G. Planning and control systems 141
5.3 Organization performance evaluation mechanisms 145
5.4 Emergent or prescribed nature of organizational design and performance evaluation mechanisms 147
5.5 Context: Environment and performance 147
5.6 Analysis, summary and conclusions 149
A. Changes in salient values and organizational design 150
B. Hierarchical nature of the salient values 152
C. The embodiment of salient values in organizational design and performance evaluation mechanisms 153

D. The chronological ordering of salient values and organizational design 156
E. Conclusions 157

6. P_2 - KEY MEMBER CHANGE, CHANGE IN OWNERSHIP AND FINANCIAL CRISIS 158
6.0 General description of the period 158
6.1 Salient values held during the period 169
A. *Raison d'etre* values 169
B. Domain values 182
C. Evaluation criteria values 184
D. Organizing principles values 184
E. Saliency of values 187
6.2 Organizational design in place during the period 189
A. Domain 199
B. Job specialization 204
C. Formalization 204
D. Recruiting, hiring, and indoctrination 206
E. Training 212
F. Compensation systems 213
G. Planning and control systems 214
6.3 Organization performance evaluation mechanisms 221
6.4 Emergent or prescribed nature of organizational design and performance evaluation mechanisms 223
6.5 Context: Environment and performance 224
6.6 Analysis, summary and conclusions 227
A. Changes in salient values and organizational design 227
B. Hierarchical nature of the salient values 230
C. The embodiment of salient values in organizational design and performance evaluation mechanisms 230
D. The chronological ordering of salient values and organizational design 232
E. Conclusions 233

7. P_3 - BANKRUPTCY AND CHANGE IN OWNERSHIP 235
7.0 General description of the period 235
7.1 Salient values held during the period 240
A. *Raison d'etre* values 240
B. Domain values 252
C. Evaluation criteria values 254
D. Organizing principles values 255
E. Saliency of values 264
7.2 Organizational design in place during the period 265
A. Domain 268
B. Job specialization 270
C. Formalization 270

D. Recruiting, hiring, indoctrination and terminating 273
E. Training 279
F. Compensation systems 279
G. Planning and control systems 282
7.3 Organization performance evaluation mechanisms 287
7.4 Emergent or prescribed nature of organizational design and performance evaluation mechanisms 288
7.5 Context: Environment and performance 289
7.6 Analysis, summary and conclusions 292
A. Changes in salient values and organizational design 292
B. Hierarchical nature of the salient values 296
C. The embodiment of salient values in organizational design and performance evaluation mechanisms 296
D. The chronological ordering of salient values and organizational design 298
E. Conclusions 299

8. CONCLUSIONS 300
8.0 Introduction 300
8.1 Summary of key findings 300
A. Initiation of values and organizational design 300
B. Maintenance of values and organizational design 301
C. Changes in salient values and organizational design 303
D. The chronological ordering of salient values and organizational design 308
E. Emergent or prescribed nature of organizational design and performance evaluation mechanisms 315
F. Assessment of the conceptual framework and the research design 316
8.2 Implications for future research 318
A. Theoretical implications 318
B. Methodological implications 322
8.3 Implications for practice 324
8.4 Conclusions 325

BIBLIOGRAPHY 326

APPENDIX A Influential reports 339

APPENDIX B Outline of 1972 Conference 343

APPENDIX C Statement of purpose and objectives in 1985 business plan 345

APPENDIX D Statement of mission and terms of reference of Holdco 346

LIST OF TABLES

Table Page

3.1 Pivotal events and data sources 53

3.2 Pivotal periods and key participants 55

3.3 Quantitative data 56

3.4 Interview topics and questions 59

3.5 Interviewees by position 60

3.6 Pivotal events and data sources 67

5.1 Profit-sharing plan proposed at the 1972 Conference 141

LIST OF FIGURES

Figure Page

2.1 Values, organizational design, and context through time 7

2.2 Change led by top management values 32

2.3 Change led by lower-level member values 33

4.1 Desired outcomes from student labour provision 72

4.2 P_0 Organization chart 89

4.3 Hierarchy of values and embodiment of values in organizational design and performance measures for pivotal period P_0 100

5.1 Organization chart, 1967 124

5.2 Organization chart, 1971 125

5.3 Organization chart, April, 1972 126

5.4 Hierarchy of values and embodiment of values in organizational design and performance measures for pivotal period P_1 154

6.1 Organization chart, November 1, 1982 190

6.2 Organization chart, July 17, 1984 191

6.3 Organization chart, Mid- 1987 192

6.4 Hierarchy of values and embodiment of values in organizational design and performance measures for pivotal period P_2 231

7.1 Organization chart, January, 1989 266

7.2 Hierarchy of values and embodiment of values in organizational design and performance measures for pivotal period P_3 295

8.1 Values, organizational design, and context through time 318

CHAPTER 1
INTRODUCTION

For many years it has been recognized that values and organizational design are important antecedents of organizational behaviour. Values are important, because not only do they represent desired ends, they also justify the means to achieve those ends (Ranson, Hinings, Greenwood, and Walsh, 1980). Nearly a half century ago researchers observed that values influence organizational outcomes (e.g., Clark, 1956; Gouldner, 1954; Selznick, 1949). In recent years interest in this notion has re-ignited, following suggestions that strong values in organizations lead to high performance (Peters and Waterman, 1982; Deal and Kennedy, 1982). The importance of their effects in organizations is recognized by both practitioners and academics. For example, a survey reported by *Fortune* (1983) reveals that chief executive officers believe that strong values are important to their firms' success. By academics, values have been implicated in many aspects of organizational functioning: as important determinants of corporate strategy (e.g., Lorsch, 1985; Child and Kieser, 1981; Guth and Tagiuri, 1965); as related to processes such as decision making (e.g., Beyer, 1981; Connor and Becker, 1975; Child, 1972; March and Simon, 1958), recruitment, socialization (Chatman, 1991; Sheridan, 1992), and communication (Evan, 1976); as affecting adaptation to the environment (Burns and Stalker, 1961); and as impacting performance (Howard, 1990; Barney, 1986; Evan, 1976; Hage and Dewar, 1973).

Organizational design has also been the focus of much research over the past four or five decades. Weber (1947) convinced organizational researchers that aspects of design are important both as causes and consequences of other organizational phenomena. For example, he suggested that age and size are directly correlated with bureaucratization. Since discovering Weber, other researchers have investigated these and other relationships involving organizational design. In addition to age and size, they have found that technology (Woodward, 1965; Saraph, 1992), an organization's strategy (Chandler, 1962; Powell, 1991), and the environment (Thompson, 1967; Pugh et al., 1969) also influence design. More significantly, they have found that higher performance results from the appropriate fit between organizational design characteristics and these other contextual factors (Khandwalla, 1973).

Research has shown that the link between values and organizational design is also important (e.g., Ranson et al., 1980a; Bartunek, 1984; Pettigrew, 1987; Hinings and Greenwood, 1988a). Some of this work, while pointing to a significant relationship between values and design, fails to develop the intricacies of the relationship (e.g., Tushman and Romanelli, 1985).

The study of *change* in values and organizational design is important in discovering their relationship for two reasons. The first reason has a pragmatic basis. In current times change seems to be ubiquitous, resulting in demands on organizations to change from time to time in order to survive. For example, deregulation has prompted organizations in several industries to change their orientations (e.g., AT&T needed to change to a marketing orientation (Wilkins and Bristow, 1987)); mergers and acquisitions necessitate changes in order to successfully combine firms (Sales and Mirvis, 1984); and other trends, such as globalization of markets, are creating situations which require change in organizations. Insight into the relationship between changing values and changing organizational design will help practitioners find an appropriate role in these change processes.

The second reason for investigating change in values and design is epistemologically based. While values, or concepts based on values, have emerged as a central idea in several (of the leading) change models (e.g., Hinings and Greenwood, 1988a; Tushman and Romanelli, 1985; Bartunek, 1984), there is still a relative dearth of empirical work investigating the processes of changing values and their relationship with changing organizational design. A strong relationship between values and design has been hypothesized, but to date very little empirical research that focuses on this relationship has been conducted. Empirical research of this hypothesized relationship is necessary for explication and knowledge development.

Two purposes of the present study are to contribute to the empirical investigation of this relationship and to extend theory involving it. More specifically, I seek explanations for the changes in values that members hold regarding their organization; the influence values, and changes in values, have in organizational design outcomes; and reciprocally, the influence that organizational design has on maintaining and causing change in values. This study supports the contention that values are articulated in and provide the basis for organizational design. As such, they are seen as the most pervasive component in this relationship, and therefore, values and changes in values are of particular interest.

This study is guided by the following research questions: What is the relationship between values held by organizational members pertaining to their organization and organizational design? What role does the environment have in change situations? What situations involving values and design and their alignment with the environment suggest an organization to be ripe for change? In organizational change situations, does change in values precede change in organizational design? To address these broad questions, other more specific questions must be addressed: What were the salient values throughout the history of the organization? What were the changes in values? Why did they change? What was the organizational design throughout the history of the organization? What were the changes in it? Why did it change?

There are several requisites to meet in order to conduct this type of research. It requires a holistic and dynamic analysis (Pettigrew, 1985). Multiple levels of analysis are important in this study because values are individual-level phenomena and shared values are group- and organization-level phenomena, and change in values may be triggered by environmental-level occurrences to impact organizational-level phenomena such as organizational design. Also the objects of study must be investigated through time, because values held in the past, including, and perhaps most importantly, initial values, impact both present and future values and organizational design. The same can be said of organizational design: past design impacts present and future design and values. Therefore, the study of this complex relationship must involve multiple levels of analysis through time. To accomplish this type of "contextualist analysis" (Pettigrew, 1985, 1987) of changing values and their relationship with organizational design through time, a study involving a large portion or all of an organization's history is necessary.

The focal organization must also meet certain requirements. There must have been changes in its values and organizational design. Because of the elusive nature of values, it would be helpful if the values held by organizational members were highly visible, thus expediting the discovery of their presence and their effects. Access to data regarding the focal organization must be relatively free and open.

The chosen organization and data meet the above requirements. The organization, a furniture manufacturer (called the “Factory” in this study), was owned during most of its approximately 40-year life by a religious educational organization (called the “College”). The religious organization (called the “Church”), of which the College was a part, owned the Factory directly for several years. The owner founded the factory in 1954 for purposes of education rather than for purposes of profit. Following bankruptcy in 1991, the Factory was sold to a group of entrepreneurs, who were members of the Church. The organization went through significant changes in values and organizational design during the period from its inception to the present. The study of this organization is a unique opportunity for me as a researcher because of the excellent access to data. I am a member of the religious organization, which allows me an insider view of some of the salient values of the organization. Also, as a result of my membership, I am personally acquainted with many of the key individuals who have had influence in the organization, both at present and in the past. I have excellent access to documents, both inside and outside the focal organization. Finally, the organization is small enough and its history is short enough that analysis at multiple levels through time is tractable.

In Chapter 2 a conceptual framework which guides this study is presented. This framework, which is diagrammatically depicted in Figure 2.1, focuses on the values and organizational design at an organization's inception and at each of its change periods.

Chapter 3 describes the research design used in this study. It offers the rationale underpinning the research design and site chosen for this study. In this chapter the procedures used to gather and analyze data to test and build onto the conceptual framework are outlined.

Chapters 4 through 7 address the case findings regarding each of the periods of the study. Finally Chapter 8 highlights the key findings of this case study and discusses their implications for future research and practice.

CHAPTER 2

A CONCEPTUAL FRAMEWORK RELATING CHANGING VALUES AND CHANGING ORGANIZATIONAL DESIGN THROUGH TIME

2.0 Overview

A model, based on the relevant literature of the field, relating values held by members and organizational design is developed in this chapter. The conceptual framework of this study is depicted diagrammatically in Figure 2.1 The central focus of the study is the activity that occurs in values and organizational design during the periods of initiation and change (shown as P_0, P_1 ... P_n in the model). The arrows in the model do not necessarily indicate causation. For example, the environment does not necessarily cause values. In this case the arrows indicate that values are selected from the environment. The suggested meanings of the arrows are given throughout this chapter. The arrows are slanted slightly to depict time lags in effects. To lay the groundwork to develop this framework, the meaning and content of the three elements of the model (i.e., values, organizational design and performance evaluation mechanisms, and context) are specified in the first section.

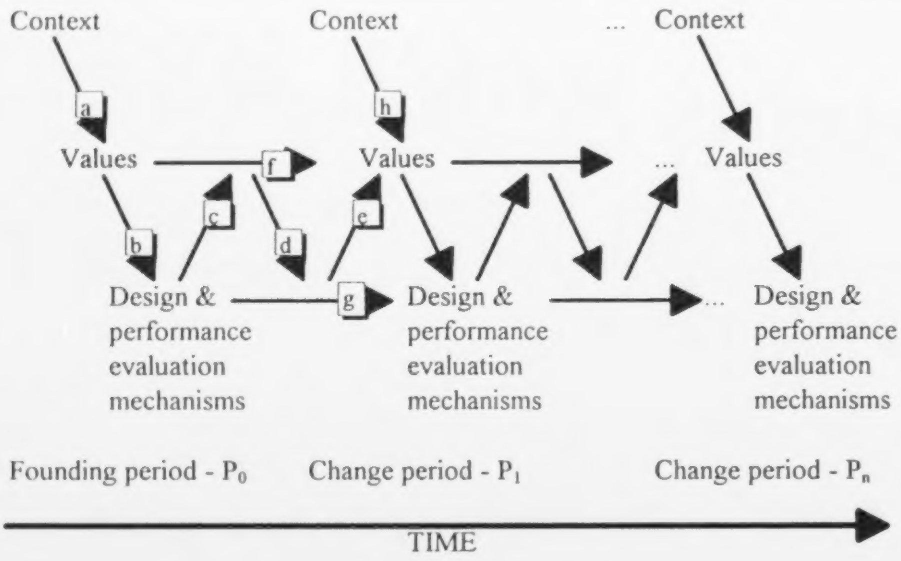
The second section further develops the framework by exploring how values and organizational design are initiated during an organization's founding period (i.e., those at P_0). This section explores how values are initially created and become embodied in organizational design and performance evaluation mechanisms. In Figure 2.1 this refers to values at P_0, arrows a and b, and organizational design and performance evaluation mechanisms at P_0. The role of founders in this process as compared to the role of other members is considered.

The third section describes how values and organizational design are maintained once the initial values and design are in place. There are human characteristics which tend to cause members to be resistant to change. More important for this study is the mutually constraining effects of extant values and organizational design (i.e., arrow c and d).

The fourth section proposes the means by which value and design changes occur.

This process is influenced by environmental factors (arrow h) as well as previous values (arrow f) and organizational design (arrows e and g). The roles of top management and other members in these value processes are differentiated.

Figure 2.1 Values, organizational design, and context through time


Context
Context
... Context
a
h
Values
f
Values
... Values
c
e
b
d
Design & performance evaluation mechanisms
g
Design & performance evaluation mechanisms
... Design & performance evaluation mechanisms
Founding period - P0
Change period - P1
Change period - Pn
TIME

2.1 Specification of terms: values, organizational design, and environment

A. Values

Values are defined as preferences for particular courses of action and outcomes (Beyer, 1981). They are conceptions of what is desirable that influence courses of action and outcomes (Kluckhohn, 1951). Rather than assuming the existence of conscious and unconscious values (e.g., Schein, 1985), values are assumed to be held in both discursive and practical consciousness (Giddens, 1984). Discursively conscious values are those that an actor is able to explain and discuss, while practically conscious values are those that simply influence action but cannot be easily articulated by the actor. Practically conscious values are tacit and taken-for-granted. Giddens (1984) suggests that the distinction between discursive and practical consciousness is not rigid and impermeable as are the definite barriers that separate discursive consciousness and the unconscious. This means that although subjects may not be able to verbalize their values immediately upon request, with some thought they will often be able to bring them into discursive consciousness.

There are several terms which are commonly defined similarly to values or are conceptually closely related to values: culture, ideologies, and interpretive schemes. The concept, culture, which has been borrowed from anthropology, has never achieved definitional consensus (Frost, et al., 1991; Smircich, 1983). However, it is probably safe to say that most definitions of culture used by organizational theorists include as a key element the notion of shared values (Wiener, 1988). There is almost universal agreement among organizational culture scholars that culture comprises some *shared* intangible (Schein, 1991; Kilmann, 1985). There is some disagreement over *what* it is that is shared: values, beliefs, norms, rules, expectations, philosophies, or some combination (Kilmann, 1985). In spite of this disagreement, one of the primary differences between culture and values is *sharedness*. Culture, as predominantly used by organizational theorists, focuses first and foremost on sharedness. For this study sharedness is considered to be important, because "a sense of commonality, or taken for grantedness is necessary for continuing organized activity so that interaction can take place without constant interpretation and re-interpretation of meanings" (Smircich, 1983). However sharedness is viewed as one aspect of the saliency of values (see the discussion of value saliency in this section below), and it is therefore better considered in its own right. If the researcher looks for that which is shared, he or she will tend to find only superficial, espoused manifestations. This is, of course, only a tendency. It is true that it is becoming more common for culture researchers to accept the possibility of multiple cultures in organizations which does alleviate this problem (e.g., Sackmann, 1992; Young, 1991; Meyerson & Martin, 1987; Gregory, 1983). However, explicit separation of values and sharedness is preferable.

The similarity between values and a more traditional cultural anthropological conceptualization of culture is slightly more tenuous. This conceptualization views culture as a useful metaphor for studying organizations (Allaire and Firsirotu, 1984; Smircich, 1983; Meek, 1988). For the current study, this conceptualization is too broad. For example, Allaire and Firsirotu (1984: 213) include "a system of shared and meaningful symbols manifested in myths, ideology and values and in multiple cultural artefacts..." in their conceptualization of culture. The concept values is separate and distinct from artifacts which embody values. I suggest that the narrower definition separate from artifacts is preferable for this study, because it is more tractable and meaningful.

Ideologies are also closely related to values. Generally, ideologies are seen as being based on values with values being constitutive elements. Organization theorists who have an interest in the topic have commonly accepted a definition of ideologies similar to one provided by Beyer (1981: 166); that is, ideologies are "relatively coherent sets of beliefs that bind some people together and ... explain their worlds in terms of cause-and-effect relations." Ideologies are commonly defined as ways of understanding that are based on shared values and beliefs (Beyer, Dunbar, and Meyer, 1988). They are "unified and symbolic systems" (Allaire and Firsirotu, 1984: 213) or "integrated clusters" (Starbuck, 1982: 3).

Based on this definition, there are two important differences between ideologies and values. The first difference is that ideologies, like culture, include sharedness definitionally. The above argument favouring the separate consideration of sharedness for the current study applies here. The second difference is that an ideology comprises a unified *system* of values and beliefs (Allaire and Firsirotu, 1984). An argument which is logically similar to the one regarding sharedness can be made regarding systemness. It is expected that values will tend to form into somewhat unified systems within an organization. However, subsets of values may take on lives of their own, becoming somewhat incongruous with other subsets of values within the organization (i.e., the systemic nature of values may break down). This incongruity may be an important factor in instigating change and affecting change outcomes. Because values may not always be present in unified systems, it is preferable to focus first on the salient values and then determine the extent to which they form a unified system. The presence of dissonance within the value system may be significant in explaining organizational change.

Interpretive schemes also have a close relationship with values in that interpretive schemes are based on and articulated as values. Specifically, interpretive schemes are "cognitive schema that map our experience of the world, identifying its constituents and relevances and how we are to know and understand them" (Ranson et al., 1980a: 5). Values influence and are influenced by interpretive schemes to such an extent that the difference between the two is blurred. Values can operate as interpretive schemes, or they can influence interpretive schemes (Ranson, Hinings, Greenwood, and Walsh, 1980b). Therefore, it is safe to consider these two terms as interchangeable.

Content of values. There are many different kinds of values. Rokeach (1968) distinguished instrumental and terminal values. The former refer to values pertaining to courses of action, and the latter refer to those pertaining to outcomes. There are also personal values, work values, secular values, religious values, etc. All of these types of values could potentially impinge on values members hold regarding their organization. Thereby, they may affect organizational outcomes. For example, a religious or ethical value, such as the Golden Rule, held by organizational members may limit those members' willingness to aggressively engage in competition. In this study all types of values held by individuals, groups, or the entire organization that significantly affect organizational phenomena are of interest.

While all types of values are considered to be potentially important, they are only of interest in this study to the extent that they have been stated by the participants and that they impinge upon values regarding the focal organization. I recognize that unstated values do affect behavior and thereby impact organizational design. However, because the central aim of this study has to do with the ordering of and the relationship between values and design, in order to avoid tautology the values can not be those attributed to the actors based on their behavior. They must have been stated either in archival documents or in interviews. The primary values regarding an organization are the values pertaining to the organization's *raison d'etre*. The most common *raison d'etre* among private sector organizations is to return a profit. For not-for-profit organizations, the justifications for existence are much more numerous and varied. For example, a cancer society's highest order values could pertain to aiding in the discovery of a cure for cancer and a church's may be the conversion of nonbelievers.

A set of values that pertain to the organization's principal and constraining types of activities will flow from the *raison d'etre* values. Greenwood and Hinings (1988) and Hinings and Greenwood (1988b) suggest three such types of values: (1) the appropriate *domain* of operations, (2) the appropriate *principles* of organizing, and (3) the appropriate *criteria* to be used for evaluating organizational performance. Simply stated, these three value-types specify what an organization should be doing, how it should be doing it, and how what it does should be evaluated. Values about domain have to do with the kinds and quality of products to be produced and markets to be entered. Values about principles of organizing refer directly to the structures and systems put in place to carry out the tasks of the organization. Values about criteria of evaluation determine how organizational success is to be defined. These values have to do with more than performance measurement issues. More importantly, they suggest appropriate notions of what is efficient and effective as well as what *should* be measured.

Values are presented here as a logical hierarchy. Personal values, religious values, work values, etc. held by members influence the *raison d'etre* values they hold regarding their organization, and the *raison d'etre* values influence values pertaining to domain, principles of organizing, and criteria of evaluation. This logical hierarchy may break down in actual organizational situations. Any subset of values or part of the logical hierarchy of values within the organization may take on life of its own; it may drift, stagnate, or change. In this way particular sectors of the hierarchy may become incongruous with other sectors. For example, the selling of cigarettes by a cancer society would suggest that there is incongruity between its *raison d'etre* values and values pertaining to domain. Incongruities of this type may be important considerations in understanding organizational change. This is discussed further in Section 2.4.

Value Saliency. In this paper values that have an impact in organizations are called *salient values*. For values to have an impact in organizations, they must influence the behaviour of individuals and groups within the organization. I noted above that values often exist as sets of preferences or "profiles" (Jacob and Flink, 1962: 24). They "tend to be organized into organized systems" (Beyer, 1981). There are profiles of values both within individuals and among individuals (i.e., within groups). These profiles of values contain values which may be compatible and congruent, or alternatively they may be loosely connected or even incongruent and contradictory. For an individual if the values in his or her profile of values are compatible and congruent, he or she will usually be able to decide to act expeditiously and without equivocation. If on the other hand, values in the profile are contradictory, the individual's behaviour depends upon the priorities placed on the competing values. If the individual has a clear notion about which of the competing values is most important, then he or she will tend to behave as if the values were congruent. If the individual has contradictory values and holds them with approximately equal magnitude, he or she will follow one of three courses: (1) postpone decisions and take no deliberate action, (2) behave inconsistently or vacillate between two or more conflicting courses of action, or (3) behave consistently, but unenthusiastically (Jacob and Flink, 1962).

For profiles of values within groups in an organization or within the entire organization, there are different, but somewhat analogous, factors which determine the saliency of values: *power* of the individuals holding the various values, *strength* of commitment the individuals have to the values, the degree to which the values are *shared* within the group or throughout the organization (i.e., the number of individuals holding the values), and the presence or absence of competing *alternative* values.

Previous researchers have identified these four dimensions as salient when considering the effects of values in organizations. Many scholars interested in values in organizations have suggested that strong commitment and wide sharing of values is indicative of value saliency (e.g., Wiener, 1988; Gray, Bougon and Donnellon, 1985; Van Maanen and Barley, 1984; Beyer, 1981; Connor and Becker, 1975; Lindblom, 1965; Clark, 1956). Bartunek (1988) observed that in situations where members merely paid lip service to new value perspectives, they had little or no effect in the organization.

The power of the individual holding a value has long been recognized as a major determinant of its salience (e.g., Enz, 1986; Lindblom, 1965; Gouldner, 1954). Clark (1956) suggested that values tend to be precarious (i.e., not secure) if the value-holders do not possess legitimated power. Hage and Dewar (1973) showed that the values of elites tend to become the salient values of the organization. More recently, researchers have pointed to power differentials as justification for paying special attention to elites, top management, or leadership (e.g., Bartunek, 1984; Hinings and Greenwood, 1988a).

Hinings and Greenwood (1988a) suggest that the presence of competing alternative values is an important consideration in determining the effects of values within organizations. They include this dimension along with sharedness and strength of commitment and thereby identify four generic patterns of commitment: (1) a *status quo* commitment where commitment to the existing values is widespread, (2) a *reformative* commitment where commitment to alternative values is widespread (3) a *competitive* commitment where there is substantial commitment to two or more sets of values, and (4) an *indifferent* commitment where there is low commitment to prevailing and alternative values. The first three patterns explicitly include sharedness and presence or absence of alternatives, and the fourth explicitly adds strength of commitment. A useful extension is to explicitly consider all four of the above dimensions (i.e. power, strength of commitment, sharedness, and presence or absence of alternatives) together. Values which are strongly held by powerful members as well as strongly held throughout the organization (i.e., high on first three dimensions) in a situation where no competing alternative values are present are highly salient values. Whereas, values low on the first three dimensions in a situation where there are alternative values which are high on these dimensions are not at all salient. In between the two extremes are many possibilities which involve differing degrees of saliency and will have differing organizational effects.

B. Organizational design and performance evaluation mechanisms

Organizational design is broadly defined as organizational structures and systems -

both prescribed and emergent. Traditionally, organizational design has been more narrowly defined as structures and, to a lesser extent, systems that are hierarchically prescribed by management. The emphasis on prescribed structures emerged from Weber's (1947) notions of bureaucracy. For example, Mintzberg's (1979) list of design parameters includes formally prescribed means of influencing the division of labour and the coordinating mechanisms: specialization, formalization, training and indoctrination, decentralization, unit size and liaison devices. These are considered from a managerial, or authoritatively prescribed, perspective. This view of design has also been the accepted standard in most empirical research in the field (e.g., Pugh, Hickson and Hinings, 1969; Khandwalla, 1973; Miller, 1988; Miller, Droge & Toulouse, 1988). In spite of its widespread acceptance among organizational theorists, this view of design is inadequate for this study, because it does not fully capture the social structure of an organization in the broader sociological sense of the term. According to this broader definition, structure includes all stable patterns of action (Bryant and Jary, 1990). To achieve this broader conceptualization of design, prescribed systems and emergent structures and systems must be considered to a more significant extent than has been the case with the traditional prescribed design conceptualization.

There has been a general lack of emphasis on systems. Systems are an important part of organizational design because they are what "connect and activate structural frameworks" (Hinings and Greenwood, 1988a). They provide the processual dimension to organizational design. Systems include decision systems, planning systems, information systems, control systems, employee evaluation systems, reward systems, and other human resource systems.

It has long been realized that focus on prescribed aspects of organizational design is not sufficient to give a complete picture of design. Blau and Scott (1962: 6) point out that organized groups invariably "develop their own practices, values, norms, and social relations as their members live and work together." Organizational members respond to prescribed organizational design in unanticipated ways (March and Simon, 1958). These emergent responses by organizational members can impact the overall organization either negatively or positively. Negatively, members may act self-interestedly in ways that are contrary to the interests of the organization. On the positive side, members may "fill in" the rules where they necessarily lack comprehensiveness (due to human inability to foresee every possible contingency) and thereby contribute to the effective functioning of the organization (Hinings and Greenwood, 1988a). Often these emergent responses and unanticipated consequences can become engrained in an organization, thus becoming emergent structures and systems. These are important components of the design of the organization and deserve more consideration in empirical research.

For the above reasons this current study includes both "prescribed" and "emergent" aspects of organizational design. Together these two concepts close the chasm between those who view structure as emergent interaction and those who view it as prescribed framework (Ranson, Hinings, and Greenwood, 1980a). It closes the chasm by recognizing that both aspects of design are necessary to completely portray the organization's design. For some time now there has been the recognition that neglect of emergent interaction has been detrimental to the study of the relationship between values and organizational design (Beyer, 1981). However, to date few researchers have seriously considered the emergent side of organizational design. One exception (Hinings and Greenwood, 1988a) demonstrates the utility of including both when examining the relationship. This study is considered in greater detail in Section 2.4 of this chapter.

The approach used in this case study was to begin by looking for design elements from the list generated by previous research (i.e, organization structure, specialization, formalization, unit size, decentralization, liaison devices, human resource systems, and planning and control systems). Several of these are not relevant to this case due to the size of the organization. The size was consistently quite small throughout the organization's history (from approximately 80 to 120 employees throughout the vast majority of its history). Because of the consistency in size, its effect in this case is indeterminable. Because of the smallness of size, decentralization and liaison devices were not relevant elements. Some of the design categories are rather broad and the actual elements that are relevant vary from organization to organization, so the specific elements for this case study were allowed to emerge as the study unfolded. For example, compensation systems proved to be very relevant for this case while evaluation systems were not. While choice of domain is more commonly considered to be a part of an organization's strategy, it is the only piece of strategy that is relevant in this study so I included it as a design element for convenience of presentation. A more detailed description of the development of the design categories and a complete list of those studied in the case is provided in Chapter 3 in Section 3.6 and in Table 3.6.

The mechanisms used to evaluate performance are closely related to organizational design, even though they are not normally considered design elements. In this study I want to observe the connection between values and the means used to evaluate performance, because this relationship is likely to be implicated in change situations. Financial data are the most likely data to be considered in most organizations when evaluating success. However, any other mechanisms the members obverse to assess successfulness were searched for.

C. Context: Performance and environment

Values within organizations and their interrelationship with organizational design cannot be viewed in isolation from the organization's context (Pettigrew, 1987; Ranson, Hinings, Greenwood, and Walsh, 1980b), which includes the external environment and members' perceptions of environmental effects on organizational performance. Environmental shifts impact the creation of and change in values held by organizational members and these values in turn influence organizational design responses to the shifts in the environment. The elements of the framework (see Figure 2.1) depicting the internal context of organizations (i.e., values and design) have counterparts in the environment. The environmental counterpart of organizational design is structures and systems that exist outside of the organization. This includes the design of other organizations and of the industry of which the focal organization is a part; and the social, economic, and political structures and systems in society. The environmental counterpart of values within an organization is values which are embodied in the environmental structures and systems.

Most previous research regarding the effect of the environment on organizations has investigated the first element. It is apparently the more "objective" element, and therefore it is easier to operationalize and investigate. However, there has been some theoretical and empirical research regarding the effects of values external to organizations. This work suggests ideas that are important for this current study. Each of these environmental elements will be discussed in this section.

The effects of external structures and systems have been studied by structural contingency researchers providing significant insight into the effects that these factors have on organizations. This theory suggests that there should be a fit between the environment and organizational structure to achieve efficiency and effectiveness. The environmental dimension considered most often by contingency theorists is uncertainty (Pfeffer, 1982). Uncertainty has been operationalized in two basic ways: (1) as the degree of complexity, which refers to heterogeneity of elements in the environment (Duncan, 1972); and (2) as the degree of stability, which refers to the degree of dynamism of elements in the environment (Dess and Beard, 1984). Pfeffer and Salancik (1978), basing their arguments on notions of resource dependence, suggest that the relative scarcity or munificence of resources (i.e., money, personnel and equipment) is an important element of the environment to consider. They point out that this may be one factor that determines the degree of certainty in the environment. There are several factors which affect the munificence of an organization's environment. The general economic conditions, or more specifically, the demand for the products of the organization, the availability of employees, etc. are important factors. A less considered factor in this regard is the effect of ownership. Owners are not technically part of the environment, but often their involvement from the perspective of active organizational members is similar to other environmental elements. Kimberly (1987: 226) argues that type of ownership is important, because it determines "who *effectively* controls decisions about how resources will be used." Owners influence what resources will be made available to an organization.

The level of uncertainty in the environment has been shown by these researchers to have structural imperatives. As the environment becomes more complex, internal complexity or differentiation and integration devices increase in successful organizations (Lawrence and Lorsch, 1969; Khandwalla, 1973). Buffering or boundary spanning roles may be used to isolate the operating core from the environment (Thompson, 1967). Burns and Stalker (1961) found that formalized or mechanistic structures are most appropriate for stable environments, and organic structures are suitable for conditions of change in the environment.

For current purposes these contingency studies are lacking in two important ways. First, they neglect investigation of the processes involved in achieving fit between structure and environment. More specifically, they do not recognize that "contingencies do not operate independently upon structural arrangements but are interpreted through filters of meanings and aspirations" of organizational members (Hinings and Greenwood, 1988a: 69). Values of organizational members influence the interpretation of environmental characteristics and happenings as well as the organization's response. In this study the environment is viewed as presenting situations (such as reduced demand for products) which management may perceive as necessitating organizational responses. For this reason Figure 2.1 does not include an arrow depicting direct environmental effects on organizational design. While there are environmental situations and occurrences which appear to directly impact organizational design (e.g., availability of employees with particular skills), actual design outcomes are mediated by the values of members. This current study investigates the role member values play in mediating the relationship between organizational design and the environment.

The second lack inherent in contingency studies is the absence of recognition that environmental structures and systems embody values of the focal organization's industry and society. Institutional theory does recognize that values external to the organization do exist and that they impact the values and design of organizations. It suggests that organizations are linked to their environments by conforming to shared, institutionalized values about what organizations should look like and how their work should be performed (Meyer and Rowan, 1977; Zucker, 1987). It emphasizes the need for organizations to adapt by fulfilling appropriate roles and developing appropriate forms. Specifically, values pertaining to the organization's *raison d'etre* and the three general aspects of organizational activity (i.e., domain, principles of organizing, and criteria of evaluation) become institutionalized in an organization's environment (Hinings and Greenwood, 1988b). These values are embodied in societal structures such as laws and political systems. The values, attitudes, behaviour, goals and preferences of clients, customers, or other firms in the same industry are also potential sources of external values to which organizations must conform (Adler, Doktor, & Redding, 1986; Gordon, 1991).

A neglected source of external values are the values owners have regarding their organization. Owners are stakeholders who are potentially able to powerfully prescribe values that they deem appropriate to be present and operative within their organization. With not-for-profit forms of ownership the actual owners are often difficult to specify (Kimberly, 1987). Therefore, in not-for-profit organizations these issues may be problematic, because management may not have a clear conception of who to pay attention to.

A central concept linking institutional values to organizational concerns is legitimacy. Organizations need resources from larger societal systems. To be considered eligible to receive these resources, they must achieve legitimated goals or maintain accepted societal values (Beyer, 1981). Legitimacy refers to a congruence between the values associated with or implied by organizational activities and the values in the larger social systems in which the organization functions (Dowling and Pfeffer, 1975).

An important issue regarding the impact of external values to be considered is the extent to which members commit to these values. That is to say, are the external values adopted and held by organizational members and thereby embodied in organizational design, or do organizational members merely superficially ascribe to external values, perhaps making changes to design without actually accepting the values that suggest the need for change? Meyer and Rowan (1977) suggest that often only superficial response is made to external institutionalized values, yielding surface isomorphism that isolates the external values from the core activities of the organization. One issue here is the degree to which the focal organization is loosely coupled with its environment. Loose coupling allows the values and their embodiment in the core design to be somewhat more dissonant with the environment. Although the degree of loose coupling is at least in part an empirical question, it is important to consider the potential influence institutional values may have in effecting organizational stability and change. Because external values may be about significant aspects of organizational activity (i.e., domain, principles of organizing, and criteria for evaluation), their potential to affect the organization to the core must be seriously considered (Hinings and Greenwood, 1988b).

For this study the perceptions of the participants were sought to generate the environment elements that are relevant to this case. This approach is defended in Chapter 3, Section 3.5 (C).

2.2 Initiation of values and organizational design

With specifications of values, organizational design, and the context in place, it is possible to begin to explore the formation of the initial configuration of the framework. The initial configuration is the values and organizational design at P_0, which are consonant with the environmental factors at P_0 (see Figure 2.1). At this point it is by definition true that all values come from the environment, because all new members who hold the values enter from the environment (Beyer, 1981). In this way the initial values and organizational design (i.e., those at P_0) are uniquely important, because the absence of an organizational history provides freedom and openness which does not exist at any other time in an organization's history. The organization has no past biography constraining its decisions (Kimberly, 1987). Hannan and Freeman (1984, 1989) suggest that organizational history and the set of normative agreements it engenders is one of four internal factors that contribute to the stability of organizational forms. At inception organizational design flows from values as they become established in the organization (arrow b in Figure 2.1). This is not to say that values are the only determinant of organizational design. Other factors such as knowledge, information, and past experience also impact design. It is only after organizational design features have become established that they begin to reciprocate and influence the maintenance of values (arrow c in Figure 2.1).

Members who join the organization at its inception come with personal values and values about organizations in general, but values about the new organization in particular must form for all new members concurrently as the organization is formed. Here occur "processes from no beliefs to new beliefs, from no rules to new rules, from no culture to new culture" (Pettigrew, 1979: 574). Two general processes operate in the formation of values in the initial phase of an organization: (1) founders and other key actors bring values to the organization which they impose on other members and (2) organizational values emerge from the interaction of all members as they develop solutions to problems and adapt to their environment (Dyers, 1985).

Founders of organizations have an opportunity to shape values to a greater extent than organizational leaders at later periods in the history of an organization (Schein, 1991). The founder has an opportunity to put a personal stamp on the fledgling organization by creating the initial values and recruiting members who hold those values (Pettigrew, 1979). The founder is able to recruit in this fashion based on prior acquaintance and homogeneity of background. Often founders are charismatic leaders with whom members personally identify. This personal identification results in the members internalizing the founders' values (Wiener, 1988). Thus in a new organization the founders have considerable opportunity to create not only organizational design and technologies but also values and manifestations of values such as symbols, rituals, and sagas (Pettigrew, 1979).

In spite of the significant role of founders, it is naive to think that other members will not also impact the values of a new organization (Meek, 1988). Newly hired employees who have worked for other organizations will bring values with them from their previous places of employ (Sproull, 1981). As members interact together to solve problems and deal with critical incidents, they will develop notions about the most desirable way to do things and the most desirable outcomes (i.e., values) (Dyers, 1985; Kilman, 1985). Members' responses to the founders' attempts to impose values will not conform exactly to the design of the founders. Therefore, all members will affect values in organizations both by their own initiatives and by their responses to the initiatives of founders.

Creation of salient values either by management or other members often occur as responses to critical incidents. Critical incidents which occur in the early stages as the organization struggles to survive provide key opportunities for founders to signal important clues about what is wanted from members (Kilmann, 1985). The responses of founders to these incidents inform members about what is wanted, what counts to succeed, or simply how to stay out of trouble (Schein, 1990; Kilmann, 1985). Miller (1993) suggests that success in handling these critical situations leading to successful performance causes values to become salient. He proposes that values that are held by particular individuals or groups who are seen to have caused the success tend to become salient.

In the early stages of a organization's life, organizational design elements tend to grow out of the emerging salient values in the organization (Ranson et al., 1980a; Beyer, 1981). Decisions about organizational design are based on the salient values of organizational members (England, 1967; Beyer, 1981). Values focus attention, filter information, and dictate new programs (Starbuck, 1983). Values influence organizational actions by providing a guide for action as well as standards against which alternative courses of action can be judged (Sproull, 1981). Therefore, over time the structures and systems which are created come to embody the salient values (Greenwood and Hinings, 1993). In the very early stages of an organization's history, the flow of effect between values and design is proposed to be from the former to the latter (i.e., arrow b in Figure 2.1).

2.3 Maintenance of values and organizational design

Once values and design become established, there are forces which operate causing resistance to change in these elements (arrows f and g in Figure 2.1), and there are inertial forces which mutually support established values and organizational design (arrows c and d). Once values and design are accepted within an organization, there are several human and organizational characteristics which contribute to resistance to change of these elements. Sets of values are closed systems of belief which places some things beyond discussion. Power accumulates with those who best exemplify salient values which are associated with the success of the organization. This power makes it possible for these members or groups to block change (Miller, 1993). Value-infused structures and systems are thus immunized from corrective feedback (Beyer, 1981). Also, it has been asserted that people tend to place high value on the status quo, making resistance to change of values or organizational design a natural phenomenon (Beyer, 1981).

The inertial and mutually supportive forces which operate between values and organizational design powerfully help maintain established configurations (arrows c and d in Figure 2.1). These are not forces which prevent all change. Rather change occurs in the form of fine-tuning and incremental movement (Tushman and Romanelli, 1985). Because the fit between values and design is never perfect, the embodying of values in design is an ongoing process during these convergent periods. Systems and structures will be continually fine-tuned and developed to better articulate salient values (Tushman, Newman, and Romanelli, 1986).

All but incremental and fine-tuning change is impeded, because aspects of organizational design reinforce extant salient values. Values linger in standard operating procedures (Beyer and Trice, 1976). Organizational design elements (e.g., environmental scanning procedures) determine at least in part what is seen in the environment, and values direct the exploration of issues and affect interpretations of that which is seen (Weick, 1979). If values are strongly held, organizational members will even manufacture data about what they see to support their convictions (Beyer, 1981). Because of these forces, the internal configuration of values and design may continue unabated even following environmental shifts.

Prescribed and emergent systems operate to maintain those values they have come to embody. In order for values to continue within an organization, they must be sustained among incumbent members, and new incoming members must learn them. Two types of human resource systems help sustain and teach values to extant and new members: recruitment and selection systems and organizational socialization systems.

Recruitment and selection systems. One obvious means of maintaining organizational values is to attract and select members whose personal values are congruent with salient values within the organization (Tushman and Romanelli, 1985; Selznick, 1957). In addition to job-related characteristics, such as past experience, intelligence, knowledge, skills and abilities, recruitment and selection may be based on the values of the recruit and the match of his or her values with extant values within the organization (Chatman, 1991). This approach is used especially by normative organizations such as churches, political parties, social-movement organizations, and perhaps universities and colleges (Beyer, 1981). It is also used by profit sector organizations who are intent on preserving a strong set of shared values (e.g., Ben & Jerry's Homemade, Inc., PepsiCo and General Electric).

Applicants also actively participate in the recruitment and selection process. Potential candidates use values present in an organization as a criterion for self-selection into the organization (Beyer, 1981). Information available to new recruits, perhaps in the form of stories, allow easier self-selection, attracting new recruits with congruent values and repelling those without (Dandridge, 1983). There is considerable evidence to suggest that applicants are attracted to particular organizations based on their own values and their perception of fit of their values with those held by incumbent career or organizational members (Chatman, 1991).

Organizational socialization systems. Even if members are recruited and selected based on the criterion of fit between their personal values and those that exist in the organization, in most cases value change will occur following entrance into the organization. They will develop new values pertaining to the new organization through socialization processes (Enz, 1986; Clark, 1972). Organizational socialization is the process by which new members learn the values, norms and required behaviour which allow them to participate as members of the organization (Van Maanen, 1976). It has been shown that early organizational experiences are a major determinant of members' values held throughout their incumbency in the organization. The first year is a particularly critical period, because during this period new members are uniquely ready to develop or change values (Van Maanen, 1976). Both prescribed training and education and informal experience gained through association with experienced workers contribute to value development in new workers (Sproull, 1981). Informal socialization received from co-workers is more likely to be remembered by new members and to influence their values than if it is formally received from officials such as personnel specialists (Chatman, 1991; Sproull, 1981). Therefore, new members are pulled toward two possibly different value-orientations: toward the values of management and toward the values of other members (Harrison and Carroll, 1991).

Common socialization mechanisms are story telling and use of symbols. The telling of stories and the use of other symbols can be either part of a prescribed system of socialization or an emergent activity among members. Stories and other visible symbols often function as value-maintaining mechanisms (Martin, 1982; Martin et al., 1983; Bartunek, 1988). They become imbued with significance and meaning for organizational participants (Smircich, 1983). They may indicate the legitimate social categories and statuses in the organization and in this way provide a guide to who can do what (Wilkins, 1983). Stories may be about the founders and the founding of the organization, or they may present any other significant events from which values were originally formed or reinforced (Clark, 1972). They are a means of vicariously teaching the contextually appropriate language and scripts which embody values (Wilkins, 1983). The telling of organizational stories informs new members of the values that exist in the organization (Gioia, 1986). The values and supporting information carried by the story or symbol are more easily remembered, and they tend to engender belief, commitment, and inspiration (Wilkins, 1983; Dandridge, 1983). Symbols play a descriptive function in that they help listeners or observers to grasp feelings and operative values more quickly than do other means (Dandridge, 1983). In addition to the meaning carried, symbols often carry affect and emotion. This affectiveness causes the values to be more strongly held. Stories and other symbols help perpetuate values by anchoring the present in the perhaps glorious past, rationalize the status quo, and give meaning to the future (Pettigrew, 1985; Meyer, 1982).

Research has shown that stories form only after a relatively long period of time so that members have sufficient time and "material" to fashion stories (Wilkins, 1983). This refers not only to the life of the organization as a whole but to the length of employment of individual members. Organizations where members generally have long tenures are most likely to become the objects of stories (Wilkens, 1983). The stories in these organizations are more likely to illustrate or legitimate positively the organizational values.

2.4 Changing of values and organizational design

In spite of the powerful forces that tend to maintain the extant internal configuration, organizations do experience change in their values and design. Before conceptualizing the specific change processes, several general statements regarding the model in Figure 2.1 will help organize the discussion. In the framework depicted in Figure 2.1, there are four arrows which impinge on the change in values and design that occurs during P_1 (i.e., arrows e, f, g, and h). Arrows f and g have already been discussed as inertial and resistance to change forces operating within the elements, values and design. These forces are seen as working against change and their operation is consistent with the previous discussion. Arrow e is also depicted as an inertial force that operates conceptually similar to arrow c, except it impacts the values of a subsequent change period. That is, the inertial forces which operate to maintain the configuration within a period will continue to operate to constrain changes in the following period. The final force (i.e., arrow h) impinging upon the values-design relationship in the new period is based in the environment. These arrows represent forces for stability and for change. This section will discuss how forces for change overcome those for stability.

To this point I have implicitly argued that values and design are tightly coupled in that aspects of design come to embody values. At various points in an organization's history the notion of tight coupling of these elements is problematic. The issue of how tightly values are embodied in organizational design is based on related issues inherited from cultural anthropology. A traditional assumption among anthropologists is that values are tightly meshed with the social structure component (Allaire and Firsirotu, 1984). This assumption is based on the contention that both values and social structure emerge from social interaction and both are driven by the same forces: social, political and cultural environment; the historical particularities of the organization; and multiple contingencies (Allaire and Firsirotu, 1984). If this is true, values and organizational design will always be in tune with each other and there is no possibility of either shifts in organizational design without concomitant shifts in values or conflict between values and organizational design (Meek, 1988). Empirical evidence suggests that these dissynchronous shifts and conflicts between values and organizational design do occur in organizations (Hinings and Greenwood, 1988a; Pettigrew, 1987).

It has been suggested that breakdown of configurations (i.e., fit between elements of an organization and its environment) result in instability (Miller and Friesen, 1984). Logically speaking, two types of situations that entail a breakdown of the configuration are depicted in the current framework. The first situation occurs internally when values and organizational design are no longer mutually supportive. This could be caused by a breakdown of the hierarchy and unity of values, including situations where former salient values loose their saliency (i.e., values wane), new values become salient, or various salient values which may arise in various parts within the organization are incongruous with each other (i.e., alternative salient values are competing). Internal breakdown could also occur if design features are allowed to degenerate so that they no longer support the salient values. The second situation occurs when internal elements of the organization are incongruous with the organization's environment. This is caused by either shifts in the internal context, which follows from the first situation above, or shifts in the environment. Change in an organization may be imminent when either of these situations exists.

In section 2.3, I discussed the mechanisms that cause maintenance of a configuration. The breakdown or poor functioning of these mechanisms will create a situation where an organization is ripe for change. I proposed that inertia and resistance to change in values and design (arrows f and g) are caused by human and organizational characteristics (i.e., closed value systems and high value placed on the status quo). Two things could break the continuity: (1) a perceived crisis causing members to feel a need to look beyond their present value systems as a basis for their behaviour (i.e., closed value systems are opened) and to place less value on the status quo (Child and Smith, 1987) and (2) a change in key members with a different set of values. These are referred as "*pivotal events*."

There may be a link between perceived crisis and change in key personnel, because often crisis leads to the replacement of top managers. For example, when Electrolux took over Facit, it immediately fired all of Facit's top managers (Starbuck, Greve, and Hedberg, 1978). In their analysis of the case, Starbuck and his colleagues suggest that this indiscriminate replacement of entire groups of top managers was essential to bring the organization out of crisis. Broad sweeps of management succession serve two purposes. Firstly, the change of management serves as a symbolic act demonstrating that the desire to change is real. The top managers represent the values associated with the crisis and their removal indicates that these values are no longer desirable. Secondly, the replacement of entire groups allows the opportunity for new values to become established. Replacement of one manager at a time injects a newcomer into a cohesive group. Generally the group will have more influence on the values of the newcomer than vice versa.

A breakdown of the design mechanisms that support values will cause values and design to become dissynchronous. For example, a lack of diligence in recruiting and selecting members with similar values may, after some time, result in an alternative competing value system becoming salient within the organization. Also, there is some evidence that socialization must continue throughout a member's tenure if that member is to continue to strongly hold values (Harrison and Carroll, 1991). The absence of socialization stimuli may lead to socialization decay. A weakening of these supporting systems could lead to a situation where the salience of extant values is challenged. An alternative system of values may become salient.

Finally, the relationship between the environment and the internal configuration may suggest the need for organizational change. The environment may have changed (either gradually or suddenly), yielding a mis-match between values held within the organization (and, therefore, design which embodies those values) and the environment. This lack of consonance will likely go unnoticed by organizational members until a pivotal event triggers a change.

The environment often plays a significant role in change processes as the impetus or trigger for change. In cases where breakdown of consonance is due to environmental shift, old values must "unfreeze" to make way for new ones, because, as noted above, once value-infusion takes place, there is a resistance to change (Selznick, 1957). Due to this resistance to change, it takes a pivotal event to break down this resistance (Bartunek, 1984, 1988; Tushman and Romanelli, 1985; Hinings and Greenwood, 1988a; Gray et al., 1985). A statement, person, or an important event must "unfreeze" extant values (Bartunek, 1988). Sometimes a crisis signals to members that their present values are no longer appropriate. While in many cases the basic cause of the crisis is found in the environment, this challenge may come from either the internal or the external context: poor performance, managerial succession, major environmental changes, falling revenues, cash shortage, threat of takeover, diminishing popular support or public criticism (Bartunek, 1988; Child and Kieser, 1981; Hedberg, 1981).

These crises may cause hesitancy and build up distrust in procedures and leaders. The value system ultimately breaks down (Hedberg, 1981). If an organization fails to succeed, the dominant values will loose their salience (Miller, 1993).

It may be that crises are merely proclaimed by top management as a justification for a previously planned change in values (Child and Kieser, 1981; Pettigrew, 1985, 1987). Whether real or merely proclaimed, a crisis is often necessary to trigger change in values held by organizational members.

The intricacies of what occurs in the relationship between values and design during change processes require further elaboration. In Section 2.1 I suggested that the predominant relationship during very early stages of an organization's development is one of values clearly preceding and leading design. There is empirical evidence to suggest that this relationship also holds during change processes at later stages in an organization's history as well. For example, in their archetypes research, Hinings and Greenwood

(1988a: 35) found a sequence which they called "prescribed emergent detachment," in which top management changed the prescribed structure to signal shifts in their values. This led to changes in values throughout the organization followed by changes in emergent design. The sequence was: top management's values changed, management prescribed design changes, values of the membership at large changed, and finally emergent design changed. Similarly, Pettigrew (1987) found in his case study of ICI that changes in values preceded changes in structure, systems, and strategy.

Can design lead values? The above "prescribed emergent detachment" example suggests that design may lead values in that prescribed design changes led to lower-level member value changes. Hinings and Greenwood (1988a) also found cases of "emergent prescribed detachment," where changes in emergent design anteceded changes in values and finally prescribed design was changed to re-align with the new values (Hinings and Greenwood, 1988a: 38). In both cases, design precedes values held by some members within the organization. However, it may be that design changes do not emerge in either type of detachment without being led by the values of some group of organizational members. While it is not explicit, it appears that the values which follow design referred to in the emergent prescribed detachment examples are those held by top management and the sequence was led by values of lower-level members.

In their final analysis Hinings and Greenwood (1988a) conclude that the sequence is not simply a matter of one directly leading the other but of interaction. Bartunek (1984) arrived at a similar conclusion in her study of changing values and restructuring in a religious order. I propose that values and design do interrelate reciprocally, but this reciprocal action is initiated by change in values of some group of organizational members.

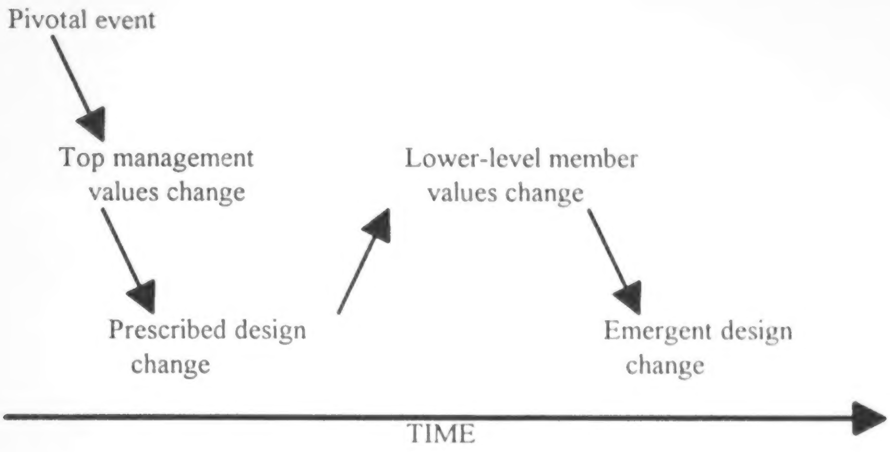
Roles of top management and other members. Previous empirical research has suggested that members' roles in change processes vary depending upon their hierarchical position. Many researchers have noted that the power of the individual or group is an important determinant of value saliency (e.g., Gouldner, 1954). Top management's values will likely be the salient ones in an organization, because they have power based on their position and possibly other sources of power. Bartunek (1984) found that organizational leaders also influence change processes by influencing whether (and which) alternate interpretive schemes and structural changes are expressed. She noted that while leaders may not propose alternate perspectives themselves, their role is to legitimize or not the expression of particular perspectives.

In suggesting a special role for top management, it would be erroneous to claim that they are able to manipulate organizational values at will. Top management along with all other members interact in a process of production and reproduction of shared values. Therefore, shared values may be created or altered only in the process of production and reproduction. People do not simply passively absorb values, they actively produce and reproduce them and in the reproduction process, they may alter them (Meek, 1988). Top management's behaviour is a central ingredient in this process but "only one of the ingredients in a complex analytical, political, and cultural process of challenging and changing the core beliefs, structure and strategy of the firm" (Pettigrew, 1987: 650).

Top management influences change processes via its control over prescribed organizational design. For example, it can initiate organizational change by changing reward systems (Kanter, 1984). These changes in prescribed design operate as catalysts or perturbations that start processes of change in values throughout the organization (Gemmill and Smith, 1985). I propose that change processes led by top management occur in the following sequence (see Figure 2.2): following a pivotal event possibly based in the environment, top management values change, they prescribe design changes that embody the new values, the values of lower-level members change, and finally emergent design changes.

Lower-level members do not have as easy access to levers of change in organizations. However, if values are held strongly and become widely shared among lower-level members, they may become salient in the organization in spite of the inferior power position of the value-holders. It is also possible that following a crisis, when established values lose their legitimacy and validity, lower-level members may challenge the organization with value perspectives (Bartunek, 1988). In Bartunek's study (Bartunek and Ringuest, 1989; Bartunek, 1984), lower-level members introduced new perspectives

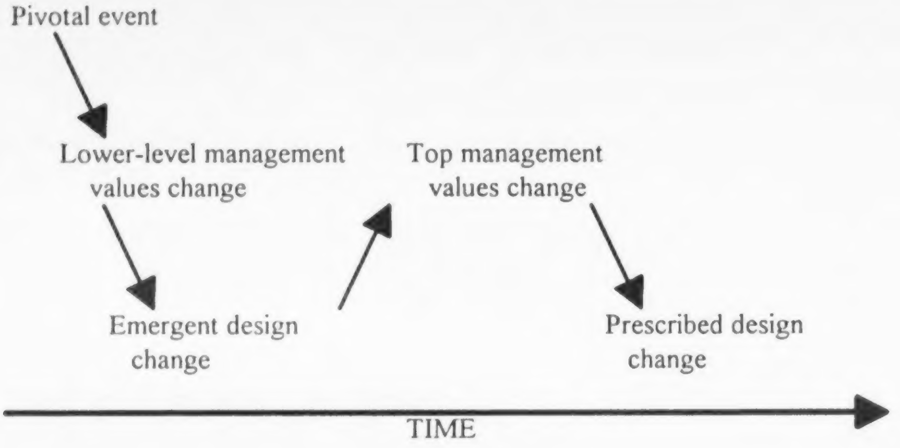
Figure 2.2 Change led by top management values


Pivotal event
Top management values change
Lower-level member values change
Prescribed design change
Emergent design change
TIME

through their work which enacted the new perspective. Similarly, in Hinings and Greenwood's (1988a) study, lower-level members developed emergent networks to link departmentally separated local authorities in order to accomplish their work according to their emergent values. I propose that change processes led by lower-level members occur in the following sequence (see Figure 2.3): following a pivotal event, lower-level members' values change, emergent design develops that embodies the new values, the values of top management change, and finally prescribed design changes.

These change sequences should not be understood to suggest that values of the members automatically change to realign with changes in values of their counterparts. The change in values of the latter group in the sequence should be seen as a response which may or may not be in line with the values of the former group. In a change, there will likely be several iterations of value changes and design changes of the types depicted in Figures 2.2 and 2.3. A top management-led sequence (Figure 2.2) may act as the trigger for a lower-level member-led sequence (Figure 2.3) and vice versa. A change

Figure 2.3 Change led by lower-level member values


Pivotal event
Lower-level management values change
Top management values change
Emergent design change
Prescribed design change
TIME

period will be complete and a new configuration established, if the values of both groups become aligned and both prescribed and emergent design come to embody those values.

2.5 Summary

This model suggests that there are forces for stability and for change impinging on values and organizational design. During most of an organization's history, it is likely that these elements within an organization will tend to form a configuration. That is, values and design will be congruent, tightly coupled, mutually supportive, and reciprocally relational with neither leading the other. There are several situations that will make organizational change more likely: values may lose their saliency, other values may gain saliency, values and design may become dissynchronous, or values and design may become inconsonant with the environment. If one of these situations exists, eventually some group of organizational members (perhaps new members) will come to believe that a critical problem demanding change faces the organization. Their values will change to what they believe is appropriate to fit with the environment. They will either change prescribed or emergent design depending upon their organizational position. In a successful change situation, their counterparts in the organization will respond by changing their values and the design aspects that they control to re-align with the initiators' value changes.

CHAPTER 3

A RESEARCH DESIGN TO TEST AND ELABORATE THE CONCEPTUAL FRAMEWORK

3.0 Overview

The conceptual framework outlined in the previous chapter dealt with the substantive issues in this study. Inherent in this framework are some imperatives for the research design. More specifically, the study of changing values and their relationship with changing organizational design drives various aspects of the research design, because as noted the study of this topic is best conducted at multiple levels through time and the constructs, particularly values, are not easily operationalized. The literature review upon which the conceptual framework is based reveals that limited empirical research investigating the topic of interest in this study has been conducted. Although limited, it does provide a basis upon which to continue to build theory. These factors (i.e., the demands of the study and the position of the study in relation to other studies of its topical genre) must be taken into consideration in the choice of research design.

The research design for this study is a single case study design. Because a major contribution of this study is to extend emergent theory (Eisenhardt, 1989), a quasi-grounded theory approach is used. This approach differs from grounded theory (Glaser and Strauss, 1967) only slightly. Rather than beginning with a "perspective" as Glaser and Strauss (1967: 3) suggest, this study begins with a more extensive theoretical framework as outlined in chapter 2. Previous theoretical and empirical work regarding values and organizational design have outlined relevant constructs and possible relationships between them. The intention guiding this study is to both test and build on to the conceptual framework outlined in Chapter 2. The research design allows for the possibility of new constructs and relationships emerging during the data gathering and analysis stages of the study. The approach is to iterate between deduction and induction; that is, between theory-testing and theory-building. The research process begins deductively while being open to inductive or grounded theory development. This iterative process will increase sensitivity to concepts, their meanings, and relationships (Strauss and Corbin, 1990).

I begin this chapter by offering a justification for the use of a single case study design. I discuss issues peculiar to this case study regarding the meeting of criteria of rigour. Second, I explain the choice the research site. Third, I outline the procedures I followed to discover potential change periods, which are the embedded units of analysis in this study. Fourth, I discuss in greater detail the data sources gathered to get at the phenomena under investigation. Finally, I explain how I analyzed the data.

3.1 Rationale for a single case study design

Due to the demands of the research questions and the nature of the theory and its constructs, I used a single case study design in this study. The objective of *exploration* (with generalization and validation being left for later research) is considered by many to be the only acceptable justification for engaging in a single case study (e.g., Gouldner (1954) offered this argument). Those holding this position allow the use of case studies "when the field is 'sloppy' and when some 'mucking around' can be tolerated" (Guba and Lincoln, 1981: 71), but they call for more positivist methodologies once the field matures. However, some have argued that the case study design, or similar interpretive designs, may be the only appropriate means of obtaining the data necessary to *both* build and test some theories (Mintzberg, 1979; Pettigrew, 1987). "A theory that stresses the 'subjective' side of social experience demands a methodology that explicitly focuses on such data" (Denzin, 1989: 208). This kind of data can only be attained by getting very close to the members of the organization or even becoming part of it (Cassell, 1977). The argument here is that case studies access data that other methodologies may never adequately access, and that evidence from single case studies will be additive, providing reliable and generalizable empirical findings, or alternatively, they provide evidence that the phenomena of interest behaves ideographically.

Acceptance of single case studies has grown over the years. This is exemplified by Campbell's change in acceptance of case studies from his work in 1966 (Campbell and Stanley, 1966) to his work in 1979 (Cook and Campbell, 1979) and in 1984 (Campbell, 1984). In 1966 he and his colleague (Campbell and Stanley, 1966: 6) described single case studies as "of almost no scientific value" because they provided no comparison, which they suggested to be "basic to scientific evidence." In 1979 he and another colleague (Cook and Campbell, 1979) recanted this position in regard to single case studies. This recantation was partially motivated by a realization of the potential of this design to find cause-effect relationships in spite of the absence of a pretest. More significantly for current purposes the recantation was also motivated by the realization that an effective strategy for good social science is the development and testing of "plausible rival hypotheses" (Campbell, 1984:7). This strategy recognizes that situating the case in its natural context (as opposed to the controlled environment of experimentation) is a strength rather than a drawback (Erlandson, et al., 1993). This strategy includes (1) explicitly outlining implications of a particular hypothesis and testing these on other available data in the case and (2) seeking rival hypotheses for the data and examining their plausibility. Rather than using randomization or tight controls to rule out rival hypotheses, it attempts to retain the complexity of the situation, make rival explanations explicit, and rule them out or except them according to their plausibility.

The study of changing values and their relationship with changing organizational design requires the more in-depth search possible with the case study design. Values which members hold regarding their organization are especially difficult to discover, because they are subjective. The relationship between values and design is also difficult to establish because of its complexity. This complexity voids the usefulness of highly structured instruments. "The distinctive need for case studies arises out of the desire to understand complex social phenomena" (Yin, 1984: 14). An important indicator of the strength of commitment to values is the *affect* expressed by interviewees while relating their values. For example, when one interviewee was asked what he liked best about his job at the Factory, he responded: "Just working with students." This response appears rather stark and unrevealing when viewed on paper. However, the emotion with which the interviewee expressed this sentiment (evidenced by breaking of voice and watering of eyes) clearly demonstrated the strength with which he held the value of helping students.

The researcher must become personally immersed in the case in order to access affective expressions that reveal strength of commitment to values. Dalton (1959: 283) ably argued for the need for immersion: "Studying [these phenomena] at a distance the investigator may be so 'objective' he misses his subject matter and cannot say just what he is objective about."

Unstructured interviews provide the opportunity for the researcher to draw out information that the interviewee can not easily articulate. Sometimes interviewees do not (and perhaps, cannot) directly express their values (i.e., they are tacitly held and the interviewee has not previously verbalized them). However, they may express them by way of examples or stories (Wilkins, 1983; Meyer, 1982). As discussed below, the researcher is then able to draw out the values expressed in this fashion.

In order for interviewees to open up and express the substance and emotion of their deeply held sentiments, they generally need to trust the interviewer. Trust requires the development of a personal relationship to some degree. Often in interviews it is only toward the end of a one or two hour session that interviewees feel free to openly express sensitive matters. This necessary trust would not be present when more detached measurement instruments are used. In sum, the in-depth data gathering techniques offered by the case study design are necessary to grasp the complexity, subjectivity, and affect of the constructs and their interrelationships.

The need for contextualist analysis (i.e., the need to include multiple levels through time) also places demands on appropriate methodology to be adopted (Pettigrew, 1987). The gathering of data at multiple levels of analysis necessitates the use of multiple data sources. It was not possible to determine *a priori* which of the many possible environmental dimensions are the salient ones for this case. The more iterative and triangulated techniques offered by the case study design are necessary to allow for the discovery of the salient events and characteristics in the environment (Downey and Ireland, 1979). The need for longitudinal data demands a methodology that provides data approaching motion picture richness and quality as opposed to snap-shot picture quality provided by the data gathered through some other methodologies (e.g., single survey-based research). Multiple rich data sources are generally necessary in order to approach this level of quality.

The rationale for conducting a single case study is that this case provides a unique opportunity to observe and analyze a phenomenon that is difficult to access. This is a *revelatory case* (Yin, 1984). This topic is relatively immature and undeveloped, which suggests the need to search for "extreme cases." "[E]xtreme cases and exaggerations of the ideal type" are useful and perhaps necessary in order for a researcher to be able to grasp this obscure organizational phenomena (Clark, 1972:179). A single case is appropriate here because of the need to gather rich, in-depth data, which increases the probability of accurately tracing complex cause-effect relationships (Mintzberg, 1979).

To say that a single case study design is the design of choice demands further clarification, because there are many types of case studies within the field of organizational studies. Two related issues pertaining to case studies will be used to place this current study in the field of organizational case studies. The first issue has to do with the degree of immersion by the researcher in the case and the need to get close to the members. Dalton's (1959) study is an example of research at one extreme in regard to the degree of immersion by the researcher. Dalton adopted the most immersed role possible as a researcher in that he became a "complete participant" (Patton, 1980: 131) in the organization he studied. To conduct his study, Dalton became a complete member of the organization. There are other more recent examples of case studies which involve observation as the prime source of data gathering (e.g., Barley, 1986; Pentland, 1992). These researchers were "observers as participants" (Patton, 1980: 132). They were less immersed than Dalton in that their role was an observing one, not to be classified as complete members. All these examples of observational case studies investigated phenomena of interest for a relatively short period of time (ranging from several months to one or two years).

Case studies in which the researcher has no direct contact with the case participants anchor the other extreme in regard to the researcher's degree of immersion in the case (e.g., Chen and Meindl, 1991). Chen and Meindl gathered data for their study from published sources, which meant that they did not participate at all in the organization.

Other organizational case studies, which have been conducted in the last few years, fall between the two extremes on the dimension of immersion of the researcher (e.g., Dutton and Dukerich, 1991; Rafaeli and Sutton, 1991; Murnighan and Conlon, 1991; Sutton, 1991; Elsbach and Sutton, 1992; Larson, 1992; Sackmann, 1992). These studies relied primarily upon interviews that pertained to periods prior to the time of the study (i.e., retrospective interviews). Other data, such as archival materials and observation, were used to supplement the interviews.

The second issue used to place case studies is the chronological reference point of the investigation (i.e., prospective versus retrospective). This issue surfaced in the above discussion, because it is closely related to the issue of immersion. Observational aspects of case studies are necessarily prospective. That is because organizational happenings that form the data of the study happen after the study begins. Studies that use data gathered from retrospective interviewing and archival materials investigate organizational happenings that occurred prior to the time of the study.

The nature of the current case study, which was selected based on conceptual interests, constrains the choice of degree of immersion and the chronological reference point. The focal study was conducted retrospectively and therefore falls between the two extremes in regard to the degree of immersion. There are practical reasons why a prospective observational study was not a feasible research design choice for this study. A retrospective study is required to meet the need for longitudinal data involving the entire history of an organization. It is not feasible to observe in real time the entire history of an organization (even one with a history as brief as 40 years). Therefore, for the most part the various observation techniques are eschewed in favour of retrospective interviews and archival data. This limitation means that data gathered by playing the most deeply immersed roles are not available.

3.2 The criteria of rigour

Case studies are often viewed as being less rigorous than other types of studies. Meeting four criteria of rigour (internal validity, generalizability, reliability and objectivity) enables a researcher to persuade a methodologically sophisticated peer of the trustworthiness of the building or the testing of theory conducted in a study (Guba and Lincoln, 1981; Erlandson, Harris, Skipper, and Allen, 1993). In order to demonstrate an acceptable level of rigour for this study, each of these criteria are addressed.

A. Internal validity

To meet the internal validity criterion the researcher must establish confidence in the "truthfulness" of the findings regarding the focal organization in its specific context. Of course, it must be recognized that it is impossible to attain the complete truth about any situation whether it happened minutes ago or years ago. All that can be hoped for is that the case is reconstructed to a full enough and faithful enough extent that a sufficient picture is yielded allowing some extension in the process of testing and building theory. For case studies, internal validity is probably the least problematic of the four criteria of rigour, because the strength of a well-designed case study is the gathering of rich data from the site investigated (Lofland and Lofland, 1984). If rigorous analysis is applied to the gathered data, the internal validity of the findings will be high. However, there are several aspects of this study which potentially threaten its internal validity. Data for this study are largely retrospective interviews and archival materials. There are several potential problems associated with these data sources and the analysis of them. These must be addressed.

The issues in this study regarding internal validity centre around the retrospective nature of the data sources. Simmons (1985), who used data sources very similar to the ones used in this current study, points out several reasons why retrospective interview data may be distorted. First, the interviewees' perceptions of events immediately following their occurrence are partial and perhaps erroneous. Following these encoding distortions, memories of events will become more distorted due to memory loss of events or aspects of events or as the chronological ordering of events becomes confused. In my interviewing it was quite common for interviewees to state that they just could not remember details regarding events to which they referred. In addition to encoding distortions and memory distortions, further distortions may occur as interviewees may not be willing or able to articulate their already distorted information.

These distortion problems are particularly troublesome with regard to values because of their tacit and sometimes unexamined nature. Barley (1990: 228) observes that values do not arise fully formed, but rather they "accrue over time as problematic incidents demand interpretation and action." He argues that once values are formed, they "fade into the past to become taken-for-granted aspects of the present" (Barley, 1990: 228). He contends, therefore, that "[s]tudies of technical change based solely on interviews or archival materials are ... quite likely to depict the dynamics of social change inaccurately" (Barley, 1990: 228). Barley criticizes both interviews and archival materials as being incapable of getting at social change because of "difficulties associated with retrospective interpretations" of members involved (Barley, 1990: 228). It is possible that interviewees have experienced changes in their values and these changes have become distorted in memory. The actual changes are not a problem. (In fact these comprise a central interest of the inquiry.) The problem occurs if interviewees are unaware of this change. They may have reinterpreted events, blocking out earlier interpretations. The danger, then, is that they express their current interpretations as though they always held them, forgetting about the change.

One means of addressing these distortion problems is to triangulate the data sources (Denzin, 1989). The basic argument for triangulation is that the weaknesses of one data source will be counter-balanced by the strengths of another (Jick, 1979). I used this strategy in the current case study. A perusal of the sources of data available for this study outlined below (see Table 3.1, page 53) offer credence to the contention that the interviewees available and the archival data available for this case study are sufficient to achieve this objective. Differing demands will be placed on the various sources of data. I used archival data to "check" interview data. The contention here is not that archival data are more objective and truthful, because this is not necessarily the case. However, the archival data were produced closer to the time when the values and design were in the process of formation, which means that the data they present avoid some of the sources of distortion. A shortfall of archival data (especially documents such as minutes of meetings) is often their thinness. Therefore, archival data are viewed mainly as markers. Distortions are discovered by comparing interview material with archival material. If information as expressed in interviews has not become distorted with time, certain archival data markers should be congruous with these perceptions. For example, if the key people involved indicate that the purpose of the Factory at its founding was the provision of student labour, then the financial statements (which breaks down student and full-time labour) and employment records should indicate that a significant portion of the labour was carried out by students, and if these documents do not show this to be the case, then some explanation must be sought as to why this purpose was foiled if indeed it was a purpose at the time.

This is similar to "goal-system state analysis" used by Miles' (1979) team of researchers. They extracted statements of goals from questionnaire and fieldwork data for the organizations under investigation. Then they sought quantitative and qualitative evidence that the goals had been achieved, revised, or abandoned, and they generated explanations for the outcome.

There are other issues to be considered in order to gain the full advantage of the triangulation of data sources. The researcher must remember that not all sources are equally valid. Denzin (1989) suggests several general rules for assessing the validity of sources of data. First, the proximity of the interviewees or preparers of documents to the subject matter they are reporting tends to be directly correlated to validity. That is, the closer they are to the subject matter, the greater the validity. The remaining points apply to documents. Second, if the preparer merely intends to record facts, the validity of the resultant document is greater than if the preparer had other intentions, such as propagandizing. For example, one of the Factory's general managers wrote a letter to the president of a company with whom the Factory engaged in a licensing agreement. In the letter he stated: "our continued existence is no longer in jeopardy." His contention may not accurately portray his perception in regard to Factory closure, because he had an intention to convince an outside interested party that continued existence was certain. Third, a document prepared for a large number of people is more likely to be embellished than one which is prepared confidentially for a small number of people. Therefore, generally, the latter will be more valid. Fourth, higher credence can usually be given to reports prepared by experts, either experts regarding the substance of the situation or experts at observation.

Simmons (1985) suggests that the gathering of valid data involves more than determining credibility versus distortion and casting out that which is distorted. She suggests that the distortions themselves are part of the evidence. Loss of memory regarding events or people may indicate a lack of importance placed on those events or people by the interviewee. For example, one interviewee in this study expressed deep regret about the loss of interaction between College personnel and Factory personnel. A previous interviewee, who was in a better position to be aware of and understand why this change had occurred, had not mentioned it at all. When I later asked him about this change, in order to get further detail and explanation, he said he had forgotten all about that change in policy. He went on to say that he was not personally affected by the changes. It seems reasonable to suggest that the extent of personal loss likely explains why the one interviewee remembered the change and the other experienced memory loss. These feelings of personal loss (or lack thereof) could have important explanatory value for this study. Simmons (1985) tells of a interviewee who could not remember the names of fellow participants in spite of documentary evidence that they had met together many times over an extended period of time. From this she was able to develop alternative hypotheses which could explain not only the memory loss but also something about the organizational phenomenon she was addressing (e.g., the interviewee did not consider the "forgotten" participants as meaningful participants in spite of their extensive involvement).

In order to more fully understand and use distortions, Simmons (1985) suggests (from experience) that empathizing with the perspective of the participants at the time that events studied occurred is a useful tool. Empathy in Simmons' case was attained by gaining an understanding of events from the various individuals' and groups' perspectives and attempting to enter into the feelings they experienced as the events unfolded. This allowed her to understand the reason for their distortions and thereby more fully explain the case.

Jick (1979) also suggests that divergence among data sources can enrich the explanation of the case. Following through with the above example regarding the objective of providing student labour, if the archival markers found in the financial statements and employment records indicate at some point that only an insignificant amount of labour was provided by students, there are various possible explanations besides a distortion in the statement of purpose offered by the interviewees. For example, students may not want to work and therefore not seek employment. In sum, richness of data can be expected from interviews, and checks in the form of rather thin markers can be expected from archival data, and both convergence and divergence should be used to enrich the findings. Follow up data gathering should focus on the divergence.

Internal validity is also achieved in analysis by iteratively building explanations and explicitly seeking rival explanations (Yin, 1984). Iteratively building explanations and rival explanations includes developing working hypotheses which are compared against the data, these are rejected or revised, and the revisions are compared against other details of the case until plausibility is reasonably assured.

Of the four criteria, internal validity is probably most important, because it is necessary for a study to be internally valid for it to meet the other criteria of rigour (Cook and Campbell, 1979).

B. Generalizability

The generalizability criterion involves determining the degree to which the findings of a particular case study apply in other similar contexts. This criterion of rigour has been viewed as particularly problematic for case studies (Yin, 1984). However, it should be applied somewhat differently to case studies than has been the traditional application in science. The objective of this case study with regard to generalization is to develop working hypotheses that fit more or less well into contexts other than the one investigated, as opposed to the positivist objective of seeking law-like context-free findings (Guba and Lincoln, 1981). Therefore, internal validity is a prerequisite to generalizability. Clearly without a minimal level of interval validity, it is meaningless to attempt to generalize to other situations. To assess the likelihood of fit in a different context, the assessor needs to understand the context of the original study and the context of the situation where the findings are to be tentatively applied. If the fit between the two contexts is a good one, the likelihood of the findings being applicable in the new site is high.

When applying the generalization criterion to case studies, two steps are involved, because "analytical generalization" rather than "statistical generalization" must be applied (Yin, 1984: 39). Just as cases are not chosen based on statistical sampling, they can not ordinarily be generalized statistically. Cases are chosen on a theoretical basis and they are generalized on the same basis. In the first step of analytical generalization, the researcher strives to generalize findings to some broader theory. The theoretical framework provides the conditions under which a particular phenomenon is likely to be found as well as the conditions in which it is not likely to be found. Therefore, the second step involves using the theory to identify other cases to which the findings may apply or not apply.

In essence this study is intended to be a part of a stream of research. I have found the degree to which theory based on previous research is generalizable to the focal context, and future research will hopefully use the resultant theory from the current study in a similar fashion. The concluding chapter includes suggestions as to the extent that the findings of this study may be generalizable to other organizations in similar contexts.

C. Reliability

Within positivist circles, generally a study is considered reliable if it is replicable. A study is deemed replicable if the researcher follows specified standardized procedures in conducting the study. These procedures include the *a priori* specification of constructs, measures, etc. However, for a single case study, this is not a useful measure of reliability, because the same degree of standardization would detract from the ability of the researcher to get at the complexities and idiosyncrasies of the case. This is the strength of a good case study. To get at complexities and idiosyncrasies of a case, flexibility must be built into the research design. There are certain canons of the positivist version of reliability which must be violated to conduct a good case study (Miles, 1979). For example, the researcher's behaviour and questions asked must change from interviewee to interviewee (Sieber, 1976, cited in Miles, 1979). Therefore, auditability, rather than replicability, is more meaningful (Guba and Lincoln, 1981). Auditability means that another researcher who examines the trail of evidence provided by the researcher is able to accept the rationality of the study. More specifically, if the study is rational, a qualified examiner would approve of the flow from the conceptual framework to the research design and finally to the findings. Documentation must be provided by the researcher to form a basis for an examiner's attestation. To ensure that this case study is auditable, documentation of the decision trail was maintained. A record of each decision, the data upon which it is based, and the reasons underpinning it are included in the decision trail. This trail is included in the case study data base, which is outlined in greater detail in the analysis section (Section 3.5) of this chapter. Achieving reliability in this way also ensures objectivity. The maintenance of an auditable trail objectifies the inquiry leaving it open to the scrutiny of interested outsiders.

D. Objectivity

Objectivity means that the findings of a study are a function solely of the data and conditions of the inquiry (i.e., internally valid) and not of the biases, motives, interests, perspectives, and so on of the researcher (Guba and Lincoln, 1981). It means doing justice to the object by simultaneously letting the object speak and avoiding distortions (Smaling, 1992). The particular threat to objectivity when doing a case study derives from the fact that the researcher is an instrument, which suggests that biases etc. may be especially problematic. It can easily be argued that other methods involve as much bias, but that it is hidden in instruments and in *a priori* hypotheses (Mitroff, 1972; Guba and

Lincoln, 1981). However, it is more productive to confront the threats to objectivity pertaining to this study.

There are two ways in which objectivity applies to this study. The first is as stated above in the reliability section (i.e., the objectification of the inquiry). The second has to do with the objectivity of the researcher. The latter is discussed in this section.

In the choice of research site section below (section 3.2), I favourably highlight my inside knowledge of values which have impacted the Factory, as well as the rapport with many of the members I enjoy as a result of being personally acquainted with them. A potential negative side to this knowledge is that it can easily be a source of bias, because as a result of my experience I share to some extent the perspective and taken-for-granted assumptions of the organizational members. However, to counteract this bias my educational training and experience have marginalized me allowing me to step back and see things in a different light from full-fledged insiders. There are guidelines for "manufacturing distance" (McCracken, 1988: 23). Strauss and Corbin (1990: 44-45) suggest ways of staying sufficiently objective:

> (1) Periodically step back and ask: What is going on here? Does what I think I see fit the reality of the data?... (2) Maintain an attitude of skepticism. All theoretical explanations, categories, hypotheses, and questions about the data, whether they come directly from the making of comparisons, the literature, or from experience, should be regarded as provisional.... (3) Follow research procedures. The data collection and analytic procedures are designed to give rigor to a study. At the same time they help you to break through biases, and lead you to examine at least some of your assumptions that might otherwise affect an unrealistic reading of the data.

These suggestions were followed during the data gathering and analysis stages of this study. I maintained a record of specific applications of these guidelines, and it forms part of the audit trail.

3.3 Research site

There is considerable overlap in rationale for the choice of the research site and the choice of the case study design. The Factory was selected as the research site based on theoretical rather than statistical reasons (Eisenhardt, 1989; Glaser and Strauss, 1967).

That is to say, the theory provides hints as to where to go in order to uncover the phenomena that are important to this study (Strauss and Corbin, 1990). The circumstances of this study provide a unique opportunity to study values and organizational design and their interrelationships. The focal organization is an extreme case in that it has always operated in a traditional profit-oriented business domain, but it was founded and for many years carried on business with a strong value orientation different from the traditional profit motive.

Because nontraditional values were salient in this organization, the participants, especially in leadership roles, are more likely to be consciously aware of their values. Because of the *difference* between their values and traditional values in similar organizations in their domain, it is expected that participants will have thought about and will therefore be able to articulate their values more readily than their counterparts in other organizations in their domain. These individuals are more likely to have felt a need to justify their values as compared to those holding more traditional, taken-for-granted values simply because they are different.

The Factory provided an opportunity to study an organization where the values were expected to be relatively more "transparently observable" (Eisenhardt, 1989) in comparison to traditional profit-motivated firms. This transparency helped illuminate the theoretical connections of characteristics and events in the case (Mitchell, 1983).

It is not enough that members have thought about and are able to articulate their values; in order to conduct research, they must be willing to openly express them to the researcher. The researcher must have especially open access in order to get at something as elusive and subtle as values. I have personal relationships with individuals who have influenced the focal organization that began prior to and apart from this research project. This provided a unique opportunity to gather rich data. Due to past experiences and personal rapport with past and present organizational members, access to data was excellent. Previous relationships with members provided a basis of trust, whereby they were willing to carefully consider my requests for information and to openly express deep sentiments.

As a member of the religious organization which founded and owned the Factory for approximately 37 years, I have an insider's view of religious values and beliefs upon which some of the values within the organization have been based. This personal experience provided a theoretical sensitivity that indicates an awareness of the subtleties of meaning of data (Strauss and Corbin, 1990). Besides membership in the parent organization, my position on the insider/outsider scale varied at different times throughout the history of the organization. My awareness of the Factory began in 1970, when I enrolled as a student at the College. While studying at the College, I worked part time at the Factory for approximately three months in 1973. Clearly, my understanding based on experience is deeper regarding some periods than others.

Access to documentary data is also very good. I was able to gain virtually unrestricted access to available documents pertaining to the Factory both inside (i.e., company records and statements which still exist) and outside (i.e., documents produced by the owners and other stakeholders throughout its history). Following bankruptcy, all files pertaining to the bankrupt (including financial and accounting records, employee files, correspondence files, planning documents) were made available to me and put in my possession.

There are characteristics of the Factory itself which make it a desirable focus for this study. The relatively short history (approximately forty years) and small size (never more than 120 employees) of this organization present a tractable case. Research based on the conceptual framework outlined in the previous chapter demand rather onerous criteria in selecting a research site. The data must be gathered longitudinally at multiple levels of analysis. Because of the suggested significant position of founding values, it is preferable that the study include the entire history of the organization. When studying values and organizational design, beginnings are important, because happenings at this time in particular are likely to affect organizational phenomena throughout the organization's history more than happenings during any later period (Clark, 1972; Kimberly, 1987; Pettigrew, 1979). The Factory's relatively short history means that there are participants involved in the founding of the organization who are still living, and they were available to be interviewed. The size of the organization made it possible to conduct a holistic study over the entire period of existence (Miller and Friesen, 1982).

The size of this organization also helped make organizational phenomena "transparently observable." Weick (1974) argues that special happenings are more visible in small organizations. In small organizations, researchers can keep their sights broad and focus on interaction patterns more easily.

A final characteristic of the Factory that made it an appropriate research site for this study is that it did experience *change*. It began as an integral part of an education program at a religiously based high school and college (referred to as the "College" in this study). After approximately 37 years of operation and then bankruptcy, it was purchased by a business person and three top managers who now operate it with a profit motive. In its early years financial gains were secondary or viewed as *means* to other ends. This emphasis changed as financial crisis developed and was completely reversed when private individuals acquired the firm.

It is important to make clear the relationship of the Factory with other organizations that significantly affected the Factory. The Factory began not as an organization in its own right, but rather as a department of the College. It became increasingly independent throughout its history and in the end it was very much a separate organization. This changing status made boundary issues somewhat problematic, because the autonomy of the focal organization was not consistent throughout the period of study. However, whether viewed as a department of another organization or as a separate organization, this unit of analysis was reasonably identifiable and distinct from its external environment throughout its history.

3.4 Search for change periods - Embedded units of analysis

The objective of this study is to investigate the relationship of changing values to changing organizational design. Therefore, it is necessary to find instances of change in these elements within the focal organization. In the previous chapter I suggested that these periods of change are likely to be caused by or accompanied by pivotal events.

These events are expected to represent times when values and organizational design are most likely to be in a state of flux. They will most likely be stressful times, and stressful periods often reveal how values came to be formed (Sathe, 1985). They are also times when the organization is forced to choose between values. Pivotal events are defined as situations involving crisis (i.e., continued existence threatened) as perceived by organizational members (e.g., poor performance, major environmental changes, cash shortages, threat of takeover, etc.) and managerial succession situations or other changes in key individuals within or outside the organization. The most activity in changing values and design is expected during these periods, because it is during these periods that values and design are most likely to be dissynchronous, making their relationship more clear. Therefore, periods involving pivotal events were investigated.

Based on a review of the literature, preliminary study of documents (e.g., minutes of meetings, student yearbooks and newspapers), my experiential knowledge of the factory, and initial interviews of members (especially top managers), I identified five potential pivotal periods in the history of the factory. After further data gathering and analysis, I realized that two of the periods were really more accurately considered one. The resultant four pivotal periods are shown in Table 3.1. Each pivotal period was analyzed as an embedded unit of analysis (Yin, 1984). The primary unit of analysis is the organization from founding to the present, with pivotal periods being analyzed within the context of the case and the case within the larger external context - the environment.

It is important that these pivotal periods be viewed as pivotal by organizational insiders (Barley, 1986). The theoretical framework suggests that it is the perception of members that determines organizational responses to pivotal events. Indeed, some argue that there is no other reality to these events outside of the enacted reality of the members (Weick, 1979). Therefore, throughout the interviewing process I continued to confirm that the pivotal periods chosen were consistent with the members' perceptions .

The first pivotal event is of course the founding of the organization. As pointed out in chapter 2, the initiation period is expected to be a particularly important time, having influence for many years, perhaps even affecting values and design throughout the

Table 3.1 Pivotal events and data sources

Pivotal Periods	Data Sources			
	Company Documents	Other Documents	Inter-views	Obser-vation
P_0 - Founding (1953-55)	F	A,B,H,Mc	✓	
P_1 - Changes in key members and financial crisis (1966-72)	F	A,B,Mc	✓	
P_2 - Key member change, change in ownership and financial crisis (1983-1987)	F,I,Re Rc,Rp,Fr P,Pe,Mb	A,B,Mc,Mp Ma, Ms, Al	✓	
P_3 - Bankruptcy and change in ownership (1991)	F,I,Re Rc,Rp,Fr P,Mb	A,B,Mc,Mp Ma,Ms,Al	✓	✓

Abbreviations used:

A - student newspaper
Al - alumni news letter
B - student yearbook
F - Financial statements
Fr- Other financial records including breakdown of student/non-student labour
H - College history studies for Masters Theses
I - Internal memos
Mc- Minutes (College - regarding the factory)
Mp- Minutes (Holding corporation)
Mb- Minutes (Factory board)
Ms- Minutes (Church in Canada - regarding the factory)
Ma- Minutes of the Provincial Conference of the Church
Re- Factory employee records
Rc- Factory correspondence files
Rp- Payroll records
P - Planning documents (e.g., break-even analysis, sales meetings, and numerous committees)
Pe- Records regarding "acquisition of industries" by the Holding corporation

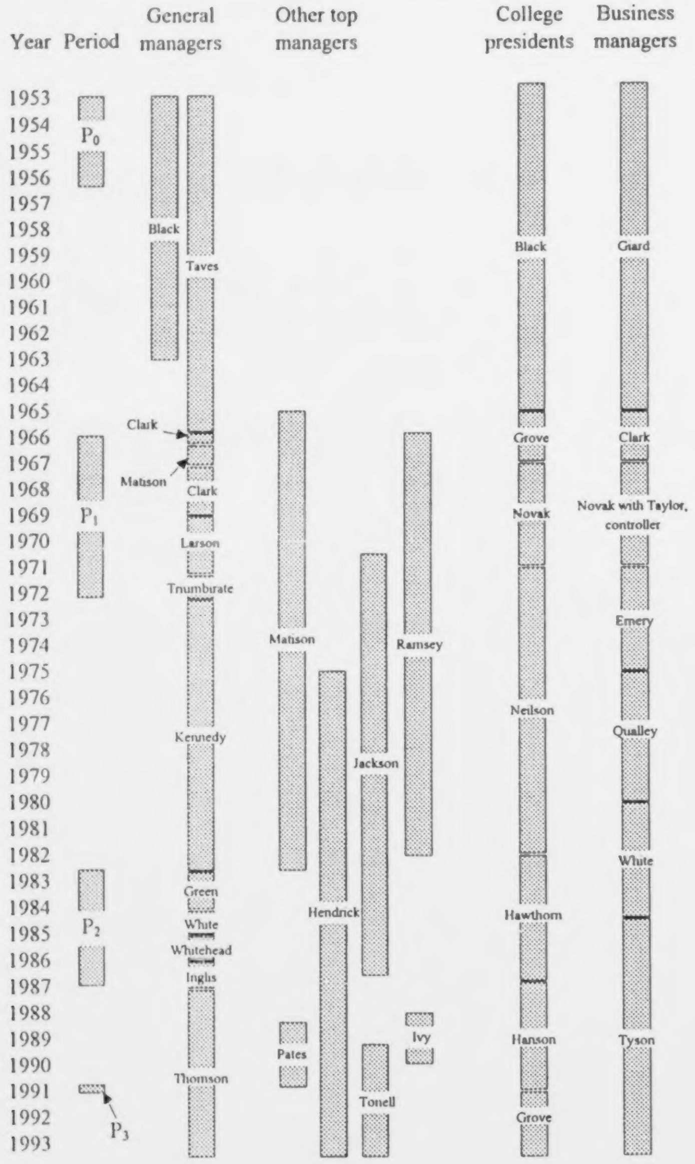
entire history of the organization. In this case members of the parent organization (i.e., the College) began considering the possibility of a furniture factory in 1953. By 1954, construction was started on the building which was to house the new organization. The events which took place during this period and the early period of operation were crucially important in this study.

The second pivotal period included the departure of the founders as well as financial crisis. Because the founders have an especially powerful opportunity (more so than leaders of other periods) to determine the direction of the organization, their departure is expected to be a pivotal event. Schein (1991; 1985) views the role of the founder or the founder's family as so dominant that the salient values in an organization will not likely change until succession from the founders has occurred. By 1967 all of the founding leaders had departed. Concomitant with the departure of the general manager (one of the founding co-managers) in 1967 was a period of financial crisis. The departing general manager not only took his expertise and personal knowledge and relationships with customers, he also took business, because he founded his own furniture manufacturing plant immediately after his departure. From 1967 to 1972, there was a series of rather quick turnovers in the general manager position. In 1972, a new top management group became firmly entrenched.

The next pivotal period (P_2) was in the form of financial problems, apparently caused by the building of a new plant followed by a general economic recession. Financial problems plagued the organization almost continuously from that time until its bankruptcy in 1991. During P_2 there were major changes in key members and a change in ownership as well. The final pivotal period was characterized by financial crisis that concluded in the Factory's bankruptcy.

Table 3.2 provides a chronological depiction of pivotal periods and key participants of the Factory during the periods. Table 3.3 provides quantitative data of the Factory revealing financial success, make-up of the work force (i.e., student versus full-time), and the approximate number of students in the work force each year.

Table 3.2 Pivotal periods and key participants



Note: Names used are pseudonyms.

Table 3.3 Quantitative data

Year	Salary	Other F/T	Student	% student	Sales	Profit	Profit sharing to: Employees	College	Rent	# of student employees
54-55	$3,498	$908	$11,711	72.66%	$47,293	($5,662)	$0	$0		20
55-56	$4,561	$6,877	$30,865	72.96%	$191,168	$13,483	$0	$0		35-40
56-57	$6,325	$17,359	$35,174	59.76%	$251,941	$7,482	$0	$0		50-70
57-58	$10,962	$30,754	$39,754	48.80%	$295,858	$7,677	$0	$0		90+
58-59	$15,537	$30,194	$48,269	51.35%	$356,839	$4,641	$0	$0	$6,000	
59-60	$14,626	$37,264	$59,606	53.46%	$417,159	($4,218)	$0	$0	$6,000	
60-61	$20,036	$35,795	$63,681	53.28%	$437,864	$6,973	$0	$0	$6,000	100+
61-62	$17,220	$38,177	$87,800	61.31%	$518,253	$1,574	$0	$0	$6,000	
62-63	$22,209	$38,289	$77,705	56.23%	$488,286	($19,808)	$0	$0	$6,000	
63-64	$14,823	$50,096	$80,018	55.21%	$501,112	($48,650)	$0	$0	$6,000	130
64-65	$13,724	$56,820	$53,977	43.35%	$439,802	($7,921)	$0	$0	$0	
65-66	$17,707	$77,022	$45,845	32.61%	$472,688	($19,227)	$0	$0	$0	80
66-67	$15,176	$72,194	$32,682	27.22%	$390,500	($71,845)	$0	$0	$0	
67-68	$16,998	$93,059	$52,743	32.40%	$551,697	($4,912)	$0	$0	$0	85
68-69	$18,984	$128,180	$87,903	37.39%	$895,401	$21,923	$0	$0	$8,520	65-70
69-70	$19,992	$166,784	$87,406	31.88%	$1,015,226	$2,285	$0	$0	$8,520	
70-71	$23,389	$182,844	$96,630	31.91%	$926,446	($45,133)	$0	$0	$8,520	
71-72	$29,692	$180,471	$80,550	27.71%	$937,695	$27,784	$3,918	$3,418	$8,990	54
72-73	$47,239	$210,745	$90,035	25.87%	$1,277,637	$105,390	$15,558	$15,058	$9,595	60
73-74	$61,923	$322,778	$113,942	22.85%	$1,840,836	$278,205	$41,481	$40,981	$9,620	70
74-75	$84,985	$350,849	$126,489	22.49%	$1,886,425	$148,552	$21,068	$20,318	$8,985	70
75-76	$96,493	$289,241	$131,540	25.43%	$1,961,081	$146,096	$21,914	$21,164	$8,876	
76-77	$129,022	$341,035	$90,466	16.14%	$1,702,265	($293,063)	$0	$0	$9,900	50
77-78	$130,522	$383,467	$129,393	20.11%	$2,037,558	$108,122	$15,968	$15,468	$9,900	70
78-79	$151,121	$538,723	$178,429	20.55%	$2,638,927	$104,026	$15,354	$14,854	$11,500	
79-80	$189,590	$564,572	$176,966	19.01%	$2,693,922	($254,495)	$0	$0	$12,422	
80-81	$244,481	$634,126	$221,582	20.14%	$3,785,280	($295,179)	$0	$0	$0	71
81-82	$279,087	$528,841	$160,023	16.53%	$3,054,436	($729,989)	$0	$0	$0	70
82-83	$240,763	$632,221	$213,309	19.64%	$3,835,652	($551,351)	$0	$0	$241,500	63
83-84	$496,620	$892,000	$303,519	17.94%	$4,639,192	($1,173,599)	$0	$0	$241,500	62
84-85	$303,122	$708,000	$200,745	16.56%	$3,810,596	($974,478)	$0	$0	$241,500	100
85-86			*		$4,903,878	($1,001,488)	$0	$0	$242,050	65
1986			*		$2,641,502	($47,209)	$0	$0	$61,651	
1987			*		$6,150,841	($618,054)	$0	$0	$120,008	60
1988			*		$6,217,724	($729,481)	$0	$0	$120,000	49
1989			*		$8,576,325	$2,594	$23,870	$0	$120,000	37
1990			*		$7,182,206	($359,626)	$0	$0		50

* Amount paid to students was not calculated for these years

3.5 Data sources

A. Interviews

A primary objective of early interviews was to identify pivotal events and to confirm or reject those identified from other sources (i.e., my knowledge, other documents, the literature). To achieve this objective key participants were interviewed where possible. This includes general managers, other top managers, and long-term employees. The rationale for interviewing general managers and other top managers is based on the expectation that they are more extensively knowledgeable regarding the occurrence of pivotal events in the organization. The rationale for interviewing long-term employees is that while their knowledge of these events may not be as deep, their long tenure provided them breadth of knowledge about changes that occurred. They have had an insider view of several different periods of the organization and their awareness of pivotal events enabled them to provide comparisons between periods. Changes in the factory were clear to them because of their opportunity to compare more than one period.

Following these initial interviews, I chose additional interviewees based on recommendations of earlier interviewees, their position in the Factory, and the period of their tenure. During interviews (especially early ones) I asked the interviewees to suggest other participants who they believed to be knowledgeable about the values, design and their change. I sought interviewees from every hierarchical level of the Factory and from every period of the Factory's history.

When selecting interviewees I considered the interviewees' length and period of tenure to be an important issue. A tension exists between those who experienced one or more periods of change and those who only spent time within a particular convergent period. On the one side of the tension, if interviewees' tenure straddled a pivotal period, their perceptions following the pivotal period may have caused distortions in their perceptions regarding the pivotal period and the time prior to the pivotal event. This could happen because they would eventually take aspects of the new situation for granted and in the process may "re-write" interpretations of history regarding earlier times, thus distorting understandings held prior to the pivotal event. The other side of the tension is that I would expect members who experienced change to be the most qualified to understand and explain the change, because the contrast between periods would have provided them with the opportunity to see most clearly what was taken for granted before and after the change (Louis, 1985). Along similar lines, Louis (1985) notes that newcomers and boundary spanners are also in high-contrast situations and are therefore often able to see clearly the values other organizational members take for granted. Interviewees of both tenure-types (i.e., those who experienced a pivotal period and those who experienced only a convergent period) were selected for this study. Differing degrees of understanding and distortion will be expected from the two types as outlined above. The possibility of distortions will be confronted as outlined in the discussion of internal validity above.

Along with the objective of discovering and confirming pivotal periods, all interviews were conducted primarily to discover changing values and their relationship with changing organizational design. I asked questions to elicit salient values and value changes, as well as material pertaining to organizational design and changes in it during the tenure of the interviewee. Interviews were conducted with the intention of drawing inferences regarding the causes and consequences of values and design. I did not use the terms outlined in the conceptual framework that I believe would be unfamiliar to the interviewees (e.g., *raison d'etre* values, domain values, etc.). Rather I used more common terms such as "purpose", "goals", and "vision" to prompt them to talk about their values. In follow-up questions I adopted their terminology, encouraging them to express their own preferences and desires in regard to the Factory's *raison d'etre*, domain, organizing principles, and evaluation criteria as well as their perception of other participants' preferences and desires. Although the interview agenda varied somewhat from interviewee to interviewee, a typical example of topics and questions covered in interviews are listed in Table 3.4.

Following interviews with key individuals, I interviewed lower level managers and workers. Generally, the same topics and questions were covered in these interviews (see Table 3.4). However, the questions asked and topics addressed were fined tuned dealing

Table 3.4 Interview topics and questions

- What period were you involved in the factory?
- What was/were your position(s)? (periods of each, if more than one)
- What level, if in management?
- Possible critical events:
  - changes in key people (tell about them)
  - other significant events (tell about them)
  - cause of these changes or events
- Who are key individuals? Decision makers?
  - what made them key individuals?
  - happenings involving these people
- What motivated key people (including interviewee)?
  - to become member
  - to terminate membership
- Vision or goals of factory
  - differences of opinion between individuals or groups regarding goals
- Purpose of factory
- Financial goals
- Products-markets
  - price and quality
  - service
- Success of business
- Effect of College or the Church (local, conference and union)
- Organization of factory
  - structure
  - reward systems (management, full-time workers, students)
- Decision-making processes
  - who makes (made) decisions and how are (were) they made?
- Treatment of employees
  - working conditions
  - stable employment?
  - share of profit?
  - wages compared to other similar organizations
- Satisfaction with work at factory (yours and general employee satisfaction/morale)
- Employee training and socialization
- Other contextual factors
  - effects of competitors
  - economic factors affecting the factory
  - consumer demands or other characteristics regarding consumers
- Technology/production processes changes

more specifically with particular events, characteristics, and issues pertinent to the time of the interviewee's tenure. One purpose of these interviews was to determine the extent lower level personnel share top management's values and the effect of sharedness or lack thereof on changes in values and organizational design. A second purpose was to discover emergent organizational design aspects that may not be considered salient by top management.

I conducted 59 interviews with 52 interviewees. The average length of the interviews was approximately one and a half hours. Forty nine of the interviews were completely transcribed. I interviewed ten of the eleven general managers (one of the founding co-managers is deceased). Table 3.5 provides a breakdown of the interviewees by position. It should be noted that the majority of the management personnel had previously worked in the Factory as students and then as full-time workers prior to their management tenure. Thus, these interviewees generally presented their student perspective as well as their management perspective.

Table 3.5 Interviewees by position

Position	Number of interviewees
General managers	10
Other top managers	7
Middle & low level managers	14
Full-time workers	5
Students	7
Others	9
TOTAL	52

B. Archival materials

Archival materials available for the various periods of the focal organization are listed in Table 3.1 (page 53). As noted in the internal validity section (section 3.1.A), these data are expected to be less distorted than interview data. Therefore they will be analyzed to confirm or refute factual matters, such as dates of events, flow of participants through the organization, etc. as well as provide markers of salient values held at the time. Internal validity will be attained in regard to archival materials as discussed in the above section on that topic.

C. Environment data sources

The perceptions offered in interviews and checked with archival materials are clearly the best available source of data for the values of the members and the design of the organization. However, are these the appropriate sources of data for the environment outside of the organization? Perhaps some other more objective sources of data should be sought.

The central issue in this study relating to the external environment is how it affects values and design and the relationship between them. I have argued in Chapter 2 that environmental effects operate via the interpretations of primarily top management members. The question then is: does there need to be some independent, external (i.e., "objective") measure of environmental factors such as institutionalized values, technology and social, economic and competitive environment?; or are member interpretations of these environmental factors the appropriate measure of the environment for this study? I suggest that the latter is the appropriate choice here. The direct effects of the environment on values and design are not the focus of study, because the environment cannot directly affect these aspects of the organization. It is only through the interpretations of members, based on currently held values, that the environment impacts changes in values and design.

Moreover, it is impossible to separate the members' enactments from the objective externalities of the environment (Weick, 1979). An example from the current case will serve to illustrate this point. One general manager told me that students' attitudes toward work had changed. He told me that changes in the environment had caused these changes in their attitudes. Specifically he believed that the students' parents no longer valued work for its own sake (i.e., the work ethic) to the same extent that parents had in previous periods. He also believed that student loans provided by the government alleviated the financial need-basis for working in order to attend school and this affected the students' attitudes. The enactment process engaged in by the general manager involved both his perceptions and some actual characteristics of the environment. The perceptual side of this enactment situation has been outlined (i.e., his beliefs). Regarding the objective side, there were parental attitudes about whether their children should work and there were government loans that became available. Either (or both) the perceptions of the top manager or (and) the objective characteristics of the environment could have influenced the attitudes of the students toward working at the Factory. The top manager's perceptions could cause him to treat the students as lazy, which would likely affect their attitudes toward the work, and the environmental factors could directly affect their attitudes. Which of these impacted the outcome? It is impossible to know and for this study it does not matter, because it is the perceptions of organizational members in regard to the objective environment which influences values of the members, the organizational design, and the relationship between these two elements.

This is not to say that when other sources of data regarding the relevant external environment were available, they were of no use. For example, values held by members of the Church constituency were relevant and were known by me either from interviews with Church leaders or from past experience. These were used strategically to prompt interviewees. I asked them specifically how these environmental factors had influenced organizational phenomena in order to stimulate the gathering of data in the interview.

3.6 Analysis

To facilitate analysis I developed a case study data base (Yin's (1984: 92-93) terminology). The collection of this data or evidentiary base was used as a management system to ensure the systematic analysis of the data. This evidentiary base is analogous to data tapes or itemized responses to survey questions used in other types of research designs. This is a formal, retrievable data base that could be made available to other investigators who wish to review evidence directly and not be limited to the final written report. The data base is composed of original documents and numerous computer files stored in word processing format. In addition to providing a formal, retrievable data base to increase the reliability of the case study, it also provided an organizing mechanism for analysis. To meet the criteria of rigour and the need for organization of the study, the case study data base provided links between the conceptual framework, the raw data, and the findings of the study. This section discusses the procedures followed to accomplish these objectives.

Following Yin's (1984) suggestion, the case study data base includes four components: notes, documents, tabular materials, and narratives. The case study notes are comprised of field notes from my small observational study, interview transcriptions and accompanying commentary notes, and notes regarding and direct quotations from other documentary data. I have written approximately 1,700 pages of notes, transcriptions and quotations. This material is classified according to its source. For example, interviews are classified by interviewee, and when more than one interview was conducted with an individual, each is numbered, and pages and lines are numbered. For example, the citation "NB.1.3.8" refers to the first interview with an interviewee named Neil Black, third page, and eighth line. Other notes and quotations based on observations and other documents are indexed in a similar fashion.

Documents are comprised of the company documents and other documents listed in Table 3.1 (page 53). These are also classified to facilitate storage and retrieval. For example, a citation "Pacq.3.1" refers to the first page of the third section of the "Records regarding 'acquisition of industries'" by the holding company. Tabular materials include quantitative data such as the financial statements and other quantifiable data extracted from interviews and archival documents. The latter includes "counts" of various phenomena.

The writing of narratives entailed the initial attempts at description and analysis of the study. These represented attempts to integrate the available evidence, converge upon the facts of the case, and develop tentative interpretations. They form a key means of binding the entire study together. They are written attempts to bring parts of the data together and relate this work to previous work or to some broader scheme (Roth, 1974).

Narratives entail "answers" to the research questions which flow from the conceptual framework of the study. Links between and within categories were investigated and tested against and incorporated into working hypotheses (Marshall and Rossman, 1989). These explanatory links were refined iteratively throughout the data collection and analysis stages. More specifically, these narratives tell how the main elements of the framework (i.e., values, design, and context) were found, what distortions in the data emerged, and explanations about how they relate to each other. Questions regarding the changes in values and organizational design during pivotal events were addressed. Alternative plausible explanations were developed, and reasons for accepting or rejecting them outlined. These narratives cited case notes, documents and tabular materials to provide a "chain of evidence" (Yin, 1984: 96) and a "decision trail" (Guba and Lincoln, 1981: 122) and thereby demonstrate how the criteria of rigour are attained.

To facilitate the writing of narratives, data from the case study data base were coded into categories. Prior to beginning data analysis there had been sufficient previous theoretical and empirical work on this topic to suggest broad initial categories (i.e., values, organizational design, and context,), as well as potential subcategories (i.e., regarding values: values pertaining to domain, principles of organizing, and criteria for evaluation; regarding organizational design: organization structure, domain, job specialization, formalization, human resource systems (recruiting, hiring, indoctrination, training, evaluating, terminating, and compensating), planning and control systems and production systems; organization performance evaluation mechanisms; regarding context: institutionalized values, economic, political, legal, social structures and systems, and financial performance data).

As I began analysis of the case data, I was able to develop categories that fit specifically with this case. Once sufficient analysis was complete to identify the pivotal periods, I coded categories for occurrences during each of the pivotal periods and between periods. Then I discovered that time codes were needed for data provided by interviewees whose tenure fit in one period but pertained to other periods either before or after their tenure. Some of the potential subcategories did not apply (e.g., evaluation systems were seldom used). Other categories that were peculiar to or especially salient in this case emerged during the analysis process (e.g., the specific *raison d'etre* values held by the members, worship as a means of indoctrination, and costing systems as part of planning and control systems).

Perceptions of participants were the source of environmental categories. That is to say, those aspects of the environment considered by participants to significantly impact the organization were the ones focused upon in this study. To include these specifics (e.g., the effect of the Free Trade Agreement) I did not find it necessary to develop more detailed codes. For example, I included the effects of the Free Trade Agreement in the category "ECON" (i.e., economic factors which are perceived to affect the Factory).

Finally, categories of a general nature were added. For example, data pertaining to the Factory's debt appeared often. It does not fit precisely into any one category, but it is an important part of the history of the Factory and was seen to impact other organizational phenomena important in this study. Also, I used a code called "EVENT" for significant events to include in the general narrative of the Factory's history. Table 3.6 outlines the categories I used in this study.

Although tedious, most of the coding was very straightforward. For example, when interviewees or document writers referred to compensation systems (whether or not those words were used), that segment of the notes was coded "COMPEN." Segments of the data pertaining to values were the most difficult to identify, because participants often did not explicitly separate their values (i.e., their preferences and desires) from their perception of reality. Value statements by interviewees or document writers are expressions of desired means or outcomes. To identify these statements I looked for words and phrases such as "should", "ought", "prefer", "desire", "want", "like", "have to have", "had to", etc. Also I looked for other words that participants used that likely referred to their values or to others' values such as "objectives", "philosophy", and "mentality."

Once the notes had been coded (this of course involved several iterations as codes were developed), I used *The Ethnograph* to aid in the analysis of the notes and transcribed interviews. *The Ethnograph* is a computer program designed to aid in the management of qualitative data. The word processor files containing notes were loaded into this program. Code names were assigned to relevant line numbers. Then I used the computer program to "cut and paste." I used this program to search for combinations of the various topical categories with time periods. The output from the search comprised all the segments coded with a particular category for a particular time period. For example, all of the segments regarding the various *raison d'etre* values for the founding period were accumulated by the computer program and printed together. These searches yielded over 4,000 pages of output. I used this output along with other material not included in the word processor files (e.g., reports and organization charts developed by participants - in most cases I had made references to these other materials in the notes) to write narratives and finally the case report.

3.7 Conclusion

This chapter has outlined the issues relating to the research design of this study. It has set forth the procedures by which the data were gathered and analyzed. The overriding concern is that the case study is done systematically producing findings in a rigorous manner so that scholars can independently attest to its validity, generalizability, reliability, and objectivity.

The following chapters report the findings and implications of this study. One chapter is dedicated to each of the pivotal periods. For each of the pivotal periods, I will describe the configuration of values and organizational design and analyze the data according to the theoretical framework outlined in Chapter 2 using the research methodology outlined in this chapter.

Table 3.6 Coding categories

I. Value codes

A. *Raison d'etre* values:

1. R-STU = expresses a *raison d'etre* value of providing student labour without further clarification
2. R-STU-V = expresses a *raison d'etre* value of providing student labour adding that it is to train students in a specific vocation (e.g., upholstery)
3. R-STU-E = expresses a *raison d'etre* value of providing student labour adding that it is to train students in the work ethic
4. R-PRO = expresses a *raison d'etre* value of returning a profit
5. R-GEN = general statements about *raison d'etre* values

B. Domain values (kinds and quality of products to be produced and markets to be entered):

1. D-VAL = expresses a value regarding kinds and quality of products to be produced and/or markets to be entered (e.g., "we should produce a higher line of furniture")

C. Principles of organizing values (design put in place to carry out tasks):

1. O-POLIC = expresses a value regarding the policies, rules, regulations, etc. of the Factory (e.g., "there should be more formalized rules around here")
2. O-JOB-D = expresses a value regarding job descriptions (e.g., "job descriptions should be more clearly specified")
3. O-ACCTG = expresses a value regarding accounting systems (e.g., "the accounting should be separated from the college")
4. O-COMPEN = expresses a value regarding the compensation or reward system (e.g., "all workers should be paid on a piece rate basis")
5. O-PLAN = expresses a value regarding planning (e.g., "we should do more planning")
6. O-GEN = general values regarding organizing and the way of doing business

D. Criteria of evaluation values (how success is to be defined):

1. E-VAL = expresses a value regarding the way that success is to be defined (e.g., "we should look at the bottom line to determine if we have been successful").

E. Other values codes:

1. DIVINE = expresses a value regarding God's leading and/or divine intervention
2. SHARE = describes degree to which values are shared
3. REL-VAL= expresses a religious value

Table 3.6, ctn. Coding categories

II. Design and organization performance evaluation mechanisms codes

- A. Organization structure
  1. ORG-CHART = describes the relationship between positions
- B. Domain
  1. DOMAIN = kinds and quality of products produced and markets where products are sold
  2. R&D = refers to ways of developing new products
- C. Job specialization and production systems
  1. PRODUCTION = references to production systems and technology
- D. Formalization
  1. MEET = describes meetings of various kinds
  2. POLIC = describes the policies, rules and regulations
  3. JOB-DES = describes the use of job descriptions
- E. Human resource systems
  1. COMPEN = describes the system by which members are compensated
  2. SCHEDULE = refers to the scheduling of student work and attendance in regard to classwork and other extracurricular activities (e.g., band and choir tours)
  3. TRAIN = describes training systems
  4. RECRUIT = describes recruiting systems and hiring procedures. This includes the way the College administration relates to the Factory in supplying students for positions at the Factory
  5. TERMIN = describes the termination of members
  6. MEMBER = refers to the religious orientation of Factory employees
  7. WORSHIP = refers to morning worship meetings in the Factory
- F. Planning and control systems
  1. DEC-MAK = describes how decisions are made
  2. BOARD = matters regarding a board or committees of a board and governance
  3. ACCTG = describes accounting systems
  4. COST = describes the cost accounting system
  5. CONTROLS = describes the use of controls
  6. STU/FULL = describes ratio of students to full-time workers
  7. PLAN = describes planning systems, including budgeting
- G. Organization performance evaluation mechanisms
  1. EVAL = factors actually focused on to determine success

III. Context: Environment and performance codes

- A. Environment
  1. INSTIT = values that are outside of the Factory organization which are seen to affect the Factory (e.g., desire for industries at the College among constituents)
  2. ECON = economic factors which are seen to affect the Factory
  3. POL = political factors which are seen to affect the Factory

Table 3.6, ctn. Coding categories

    4. LEGAL = legal factors which are seen to affect the Factory
    5. SOCIAL = social factors which are seen to affect the Factory
    6. INDUS =industry factors which are seen to affect the Factory
  B. Performance
    1. FIN = general financial matters, financial results

IV. Time codes

  A. P0 = founding period
  B. P1 = Key member changes
  C. P2 = Financial crisis and ownership change
  D. P3 = Bankruptcy
  E. Pn-Pm = between Pn and Pm
  F. Pn+ = after Pn
  G. PnB = interviewee is talking about Pn; Pn occurred before he or she became involved with the Factory
  H. PnA = interviewee is talking about Pn; Pn occurred after he or she was no longer directly involved with the Factory
  I. PnWPm = reference is made comparing Pn with Pm
  J. Pre-Pn = reference to period prior to Pn

V. General narrative codes

  A. CLOSURE = expresses possibility of closing Factory or College. This refers to threats to survival.
  B. OWNER = ownership issues (e.g., change of ownership or possible sale of business)
  C. EVENT = significant events for narrative
  D. DEBT = refers to debt of Factory and financing matters
  E. BANKRUP = debate about the bankruptcy and the issue of bankruptcy in church organizations
  F. NAME = issues regarding the name and name change of the Factory
  G. NEW-PL = refers to the building or moving to the new plant in 1980
  H. SEPARATION = refers to the separation of the Factory from the College in social aspects such as attending board banquets and other privileges and responsibilities as well as organizational aspects such as accounting systems and banking
  I. NEW-BUS = references to the perceived need, possibility or actuality of a new business on the campus of the College

CHAPTER 4

P_0 - FOUNDING PERIOD

4.0 General description of the founding period

The Factory's founding period is by definition its first pivotal period. The founding period began in 1953 when the founders first began planning for the new venture, and it continued until the initial configuration of values and design was established in 1955. I will discuss the establishment of the initial configuration in this chapter.

The Factory was founded in 1954 on the campus of a private educational institution ("the College") operated by a religious organization ("the Church"). There were three individuals centrally involved in the founding: Ivan Kingdom, Ken Taves, and Neil Black[1]. Kingdom was president of the College at the time of founding. He considered the founding of business enterprises for the employment of students a primary part of his work at the College. In 1953, he influenced the College board of directors to invite Black to teach industrial arts and direct the College maintenance department. In extending this invitation, Kingdom hoped that in addition to teaching and maintenance duties Black would help found a woodworking enterprise. By the time Black accepted the invitation, he was already considering possible ventures to fulfill this latter expectation. Taves was already employed as the superintendent of the College cafeteria. Prior to his employ at the College, he had had experience in an upholstered furniture manufacturing plant owned and operated by his wife's family.

One day when Black was tending to a maintenance problem in the cafeteria, he had a discussion with Taves regarding "ideas of opportunities that [they] might provide to give work to the students." Taves pointed out that by combining their skills, they could build upholstered furniture. Black, with his wood-working skills, could build furniture frames and Taves, with his upholstering skills, could upholster them. Following this conversation,

---

[1] Names of individuals and organizations used are pseudonyms.

Taves sketched a design for a chair, Black made a frame, and Taves upholstered it. They presented this finished chair to the College board with a proposal to start an upholstered furniture manufacturing enterprise. The board was enthusiastic about the proposal, and it carried a motion approving funds for "the construction of a building to house the woodwork industry." Black and Taves were positioned as "co-managers" of the new enterprise.

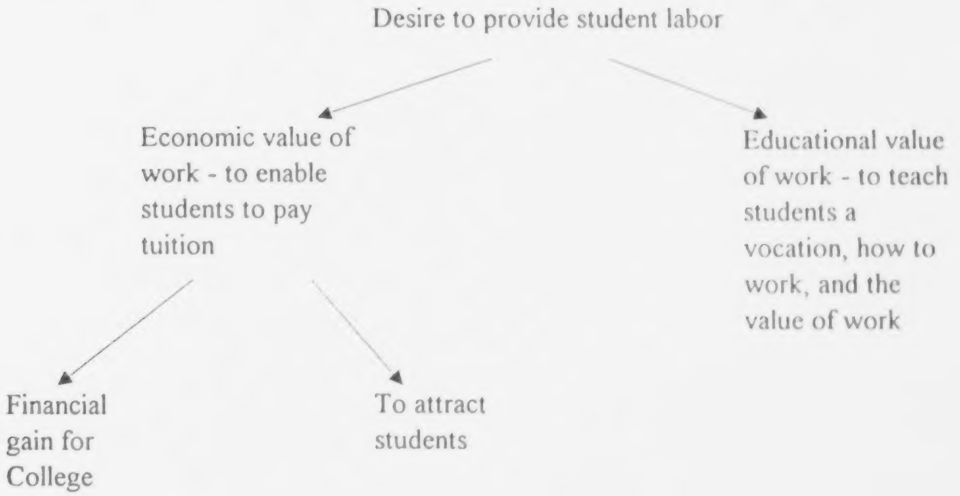
The sale of their furniture initially constituted the filling of orders from several local business people who were supporters of the College's programs. Very soon it became evident that there was a latent demand for upholstered furniture in the region, because soon after this modest beginning, growth was very rapid. One of the original student workers, who later became sales manager of the Factory, stated it plainly: "What you could make you could sell." Production was the primary constraint. Because growth in sales materialized quickly, very shortly after moving into the new building and beginning production, it was evident that more room would be needed. Several additions were made to the plant during the founding period. Just months after opening, a 2,560 square foot addition was completed; and again in the fall of 1955, another 2,560 square foot addition was completed. Altogether during this period the plant size doubled from approximately 5,120 square feet to approximately 10,240 square feet.

4.1 Salient values held during the period

A. *Raison d'être* values

As I have described in the introduction to this period, the Factory's *raison d'être* was not a traditionally common one for this type of business. There were three values regarding the *raison d'être* that emerged during this period: the desire to provide work for students for educational purposes, the desire to provide work for students for economic reasons, and the desire for profit. The primary *raison d'être* value during the founding period was the desire to provide work opportunities for students attending the College. All interviewees who were knowledgeable of the period remembered it as such and all archival evidence from the period supported their retrospective perceptions. The values pertaining to the outcomes from providing work for students were not as unitary. Two different valued outcomes from the provision of student labour are suggested in the documentary and interview data (see Figure 4.1). The first is of an economic nature: the desire to aid students in paying their tuition at the College. The second is of an educational nature: the desire to teach students the value of work and how to work in general and, more specifically, to teach students a trade. These are not logically mutually exclusive values, so therefore individuals who held both at the same time were not necessarily experiencing dissonance.

Figure 4.1 Desired outcomes from student labor provision


Desire to provide student labor
Economic value of work - to enable students to pay tuition
Educational value of work - to teach students a vocation, how to work, and the value of work
Financial gain for College
To attract students

The economic value demands further dissection. Two interrelated outcomes were desired and expected from giving students the opportunity to earn money for the payment of tuition. Firstly, it was recognized that the payment of tuition provided cash back to the College. The second outcome desired from financially enabling students to pay their tuition was that this would make it possible for more students to attend the College.

Work opportunities which enabled students to make tuition payments were used to market the College's offerings. Presumably increased enrollment would serve the purpose of increasing income for the College, as well as fulfilling the mission of the College in a broader sense: that is, educating more students. Therefore this value is directly linked with the educational value.

In addition to valuing student labour opportunities, the participants expressed values regarding profitability. Valuing profit does not logically preclude valuing the provision of student labour. Involved individuals could and did hold values regarding profit and student labour concurrently without dissonance. Decision makers felt constrained to address these questions: Should the Factory be expected to return a reasonable rate of return on the investment made by the College and the Church? Should the Factory be allowed to continue if losses occurred? Both archival documents and interviewees addressed these questions, so evidence exists to establish the positions held by individuals and groups regarding profit of the College enterprises.

In this section I discuss the commitment strength and sharedness with which the various individuals and groups involved with the Factory held these values. I also discuss the possibility that these values could be perceived to be competing values. The individuals and groups involved vary in their degree of power to influence Factory outcomes. Management and College administration and board are the most powerful groups. The power of administrators from other Church organizations was not as strong. Students and non-management full-time employees had the least power of those involved. The values held by each of these groups is discussed.

Management All three founding individuals held the student labour provision value, albeit to somewhat varying degrees of commitment strength. While Kingdom was the College president and thus actually a College administrator, I include him in this section, because he was very actively involved in the management of the Factory. Kingdom stated his values very clearly regarding the provision of student labour as the *raison d'être*:

> I wanted only the amount of full time help or I wanted a skeleton crew [of

> managers] - enough to take care of the students - but this should be a student venture not a community venture.

Kingdom also documented his views providing evidence that his currently expressed values were his professed values at the time to which he refers. For example, in a presidential report he presented to the board of trustees shortly after the Factory was founded, he stated that "industries are essential to provide work for students."

College personnel and students knew what Kingdom's values were regarding the provision of work opportunities for students. A typical example is provided by a student from the founding period when he stated that "His [Kingdom's] aim, what he talked about all the time, was industry for student labour." One study of the College carried out approximately three years after the founding period attributed this same value to Kingdom:

> Ivan Kingdom studied the ever-pressing financial problems of the school and concluded that the existing industries which appeared promising should be improved and expanded and new ones introduced. The type needed were those which would give employment to a large number of students...

Evidence regarding the values of Black and Taves is not as plentiful. This is particularly true of Taves, because he is deceased. Therefore, I cannot interview him, and I found no documentary evidence of his values. Kingdom was not sure of Black's and Taves's values regarding the provision of student employment, or to be more accurate, he said he could not "answer that one" when asked whether Black and Taves were in agreement with his values. He added that "there was total cooperation. It was my baby and they were prepared to put it over", but that "of course they [Black and Taves] would have liked to hire more full-time help, but I objected to it." This could imply that Kingdom did not believe that the other two co-founders held these values as strongly as he did, or it could mean that because they were much closer to the business, they more keenly felt the need for efficient production. As a result, there was a tendency for their values to be manifested in different actions or attitudes. That is to say, Kingdom felt they were as committed to the values, but the realities of business caused them to desire more full-time help. I asked Black whether he did feel pressure to hire more full-time workers. In his reply he pointed out that the student labour force was not as consistent as he would have liked:

> When we got into the sales time - say the June bride sale - that's the time when students were writing examinations and that caused us a lot of anxiety because these buyers out there, they would holler, curse and swear at you on the telephone: 'I need that stuff. We got this sale coming up.' We were pushing hard from our stand point to keep the students working. 'Well we got to study. We didn't come here to run a furniture plant. We came here to get an education.' So yeah, those were problems. I think after I left the desire for more full-time help came even more so.

The presence of a competing desire to have more full-time workers existed within Black (and possibly within Taves), because he was emphatically clear in his strong commitment to the desire to provide student employment. In an interview he clearly stated that the purpose for starting the enterprise was to satisfy the desire to provide opportunity for students to work. When I asked about the objectives or purpose of the Factory, he replied: "That was the purpose of the Factory... to supply work opportunity. That was it."

For Taves, the only data available regarding his values are retrospective perceptions of interviewees who knew Taves and worked with him in the Factory. In my search for documents prepared during the period, I did not find anything that he prepared that confirmed or denied his commitment to the student employment value. Therefore, it is not as easy to determine the values he held regarding the provision of student work opportunities, but the students who worked in the Factory while he was there believed that he desired to provide work for them. However, the management and the College administrators at the time seriously questioned his commitment to this value, because of something he did late in his tenure and immediately following his Factory employment. While he was employed he started a small competing furniture manufacturing operation in his home basement. Then when he left the employ of the Factory, he posed an even more serious competitive threat by opening a furniture manufacturing plant. Because he was the only person in the Factory who was in contact with the purchasers of the Factory's product, he was able (and he apparently took full advantage of this ability) to take customers from the Factory. Some individuals who were closely involved with the situation believed that he spent the final short period of his Factory tenure taking orders for his own operation.

However, within the Factory, it seemed that Taves was committed to hiring and training students as opposed to hiring and training non-students even when it may have been more efficient to hire the latter. That is, he seemed to be committed to the *raison d'être* value of student labour provision. Both Kingdom and Black believed that he was committed to this value to the extent that he was willing to act in such a way that was consistent with it. Black reported no difference of opinion in this regard, and the financial records, which show the breakdown of the student and non-student labour, indicate that the management and College board (i.e., those who were responsible for hiring workers during the founding period) valued providing labour for students (Table 3.3, pg. 56). During the founding period student labour was almost 73% of the Factory's total wages and salaries.

The founding managers were not united in their commitment to the valued outcomes from providing work for students. Kingdom was very clear about his values in this regard. He recorded this statement that he presented in a report to the College board: "In addition to their value in training young people, industries are essential to provide work for students who could not attend school otherwise." In a recent interview with him, he was also clear about which of these two outcomes (i.e., economic vs. educational) was more important. He felt that the financial benefits provided students were secondary to the educational values:

> My objective is not what you generally think of an industry - to make money and give student work. My objective is [to have the pursuit of] money [as] the second objective. The first objective is to give student work and an industry by which he learns a trade and learns dependability and value of time and resourcefulness and so on.

Kingdom emphatically stated his commitment to this educational value twice during one interview.

In spite of Kingdom's own perception of clarity regarding the ordering of these values, the author of a study of the College written in 1959 made attributions of values to Kingdom that implied that economic outcomes were primarily valued, and the educational outcomes were merely a valued by-product. The author did this by placing Kingdom's desire to found the enterprise in the context of financial need:

> Ivan Kingdom studied the ever-pressing financial problems of the school and concluded that the existing industries which appeared promising should be improved and expanded and new ones introduced. The type needed were those which would give employment to a large number of students and could operate without sustaining losses. Industries that would teach a skill by which a student might defray part of his expenses were studied; those by which a student might, if necessary, earn a livelihood in later life were favored.

In spite of this contradictory evidence, it is clear that both were valued by Kingdom. The evidence shows that he held the educational values with more commitment strength.

Black also valued both of these outcomes. He believed that the cash back to the College was a desirable outcome. The following statement is found in the student paper in the founding year:

> A review of Neil Black's records in his office at the factory showed total labour to the end of April to have been $7,576.26. 'And the beauty of this is that it is cash back to the school,' stated the shop manager [i.e., Black].

He also held the educational values. When I asked him in an interview about the value of teaching a trade, he said that this was "inherent" and an "understood fact [that] ... [the students] learned how to do it." Speaking more generally about the value of work for students, he stated the following regarding the educational value:

> And so I'm still a believer in ... what it says in the book *Education*[2]; what it says about the value of work. I'm still a firm believer in that. That it should be a part and parcel of a whole education process.

Just prior to this statement, Black said that he was "grateful for [his] parents; [that] they taught [him and his siblings] to work." He also told how he was bothered that a student of his alma mater (another college operated by the Church) was soliciting donations to help students pay for their tuition so that they "don't have to work" (words of the solicitor of donations). He addressed this comment to the solicitor: "I had to work my way through college and ... you can do it too." Together these comments indicate that he felt parents should play a role in teaching the value of work and the need to work should not be removed, because the need to work will prompt students to learn the value of work. Within this view the burden of teaching students the value of work is not placed solely on the College; parents must play a role.

---

[2] This is a book written by Ellen G. White. Members of the Church believe that she was a messenger from God. Her written works are referred to as "the Spirit of Prophecy" by members of the Church.

Determining Taves's values regarding outcomes of student labour is difficult for the same reasons stated above: he is dead and there is little published material which directly reveals his values. One interviewee who was a student during the founding period and then was a foreman for two or three years prior to Taves's departure from the factory was very emphatic that Taves valued the educational aspect of teaching a trade. While I was interviewing this person, he mentioned that a purpose of the Factory was "teaching [students] a trade," so I asked him to explain the basis of that contention. His reply: "Ken Taves told me that himself." Knowing that Taves's reputation was somewhat tarnished, he then proceeded to defend the man:

> I've heard a lot of people run Ken Taves down, but Ken was a pretty good man. And he said definitely they set it up to teach the upholstery trade. He was an upholsterer and set it up to teach that as well as to provide work for students.

Finally, all the founding managers viewed profit as a secondary *raison d'être* value. They wanted the Factory to at least break even. Kingdom viewed this as a minimal goal, so he claimed that he did not push for anything beyond that point. As pointed out above, he stated that he valued economic goals secondarily after student labour goals. The economic goals he valued were ones that made it possible for students to attend the College. Kingdom himself made no statement about profit even when asked directly about the goals and purposes of the Factory. Other members also recognized his profit-oriented values. One full-time low level employee stated that all the businesses which Kingdom started had to make money. When I asked for clarification, he stated:

> Well, he didn't want to see it lose money. I think from the beginning, they were

> satisfied if the business broke even... Mr. Kingdom wouldn't consider a business unless it was breaking even or paying its way.

The author of the research of the College mentioned above agreed that Kingdom wanted an enterprise that "could operate without sustaining losses."

Black's expressed pleasure from having made money indicates he valued profit to some degree, but again breaking even was satisfactory:

> But you know we made money. We didn't make big bucks but you know when you take a fledgling new industry and you're just starting from ground zero and you can break even you're doing great. We were very pleased with that.

The management of the Factory had a small celebration the first time they achieved "real figures [they] could talk about [referring to profit]." Evidently, achieving a profit was valued somewhat by them.

Students Students, who comprised virtually the entire body of workers during this period, also held all three of the *raison d'être* values. Perhaps for many students it would be more accurate to say that they observed that College administrators and Factory management held these values. Often when I asked students from that period what they believed the *raison d'être* values to be, they responded by talking about "their" values or referring to "them" rather than talking about "my" values or referring to "me." A typical response was as follows: "they wanted to provide work for students." For these student workers the perception that the provision of student labour was valued was a deduction on their part. When asked why they believed this to be the *raison d'être* value, they often pointed to the fact that virtually all positions besides management positions were filled by students during the founding period. The following statement by one individual, who was a student worker during the founding period, is representative of student worker perceptions:

> But the original purpose of the factory was if you were to work there, okay there was a foreman of the mill and other than the two foremen, in the beginning there was just the one, actually, everybody else, you had to be a student in order to be employed there.

Students valued the student labour provision value for both economic and educational reasons. For example, one writer for the student paper referred to both valued outcomes in the same paragraph:

> From now on young people who are desirous of obtaining a Christian education, and at the same time of learning a valuable trade, will have the opportunity to do so. They will be able to earn a great part of the cost of their education in this industry.

Another student writer similarly referred to both:

> Believing in useful labor and practical training as filling a very essential part of true education, [the College] is affording increasing opportunities for students to put this theory into practice; realize the joys of accomplishment in chosen vocations and experience the satisfaction of contributing to the necessities that modern living demands.

Another student paper writer saw a connection between student employment opportunities at the Factory and increased enrollment:

> Our hope is that many young people will be encouraged to come here next fall because there will be an additional industry [i.e., the Factory] in which they will be able to find employment.

In an issue of the student paper there appeared a picture of a student working and below the picture was this caption: "If it's work you want, you'll find plenty of it here - enough to pay a good part of your way."

One interviewee, who was a student worker at the time of founding and in later periods a top manager, noted that values held during the founding period were much more education-oriented than those in later periods:

> The whole concept was different. We were learning a trade and a lot of young people went out of there and they're in the upholstery business today because of that. [He proceeded to give several examples of individuals working in the upholstery business.]

Another interviewee, who was a student employee during the founding period, believed that one reason for valuing the provision of work for students was so that they could pay their tuition thus making it possible for them to attend the College. This same interviewee also believed that another reason for valuing the provision of work for students was to provide them the opportunity to be trained in some useful labour.

However, some of the student workers were not aware that the educational value of teaching a trade was held by anybody. Several of these interviewees stated that the desire to teach a trade was not held by anybody at the time of founding, but they believed that once it became evident that experienced workers could set up their own upholstery business or work in another upholstery plant, it was pointed to as a valued outcome.

Students shared profit-oriented values similar to management. One student employee during the founding period commented: "they didn't set it up with the idea of making big dollars. It was set up with the idea of breaking even and providing work for students and teaching them a trade." Another student thought that the Factory was founded primarily to provide student employment, but he thought that the founders also desired it to be a "milk cow" to provide some money for the college as well. Another student simply stated: "The purpose wasn't to lose money."

College administration and board The College administration and College board members held all three *raison d'être*, but they were skeptical about the likelihood of success and they worried about the possible disastrous financial outcomes. When Kingdom was considering the founding of the Factory, "one of the faculty members" told him that "nothing succeeds at the College." Kingdom said as a result of this attitude, he had to "[go] ahead on my own." This faculty member's statement may be taken to mean that other faculty of the College did not hold the same values, or more likely it means that they were more pessimistic about achieving a financially viable operation. That is to say, they held similar values, but they did not believe that such an enterprise could possibly be funded or a financial success. Other statements made by the two founders I interviewed suggest that the faculty did desire enterprises such as the Factory to achieve both educational and economic outcomes, but fear caused them to be cautious and thus sound negative.

The board of trustees seemed to have a similarly cautious attitude toward the launching of this enterprise. However, Black felt that the board generally held the *raison d'être* value to provide student work opportunity:

> I think generally he [Kingdom] had good support [from the board]. I think so because they realized the importance. I think I have to say that about the board. They realized the value of the work opportunity that was inherent in that whole operation.

While it seems likely that the College board as a group held both the economic and educational values regarding the provision of student labour, perhaps due to their cautious approach they seemed to be more concerned about economic matters. The chairman of the board expressed values pertaining to economic outcomes when he "presented the need of the College for an industry to provide work for students who must earn part of their expenses." The context of this statement suggests that this chairman reflected the values held by the entire board. The board's focus on economic outcomes seemed to overshadow their values about providing student labour. It seems that the board did value student labour so that students could pay their tuition, but particularly during the founding period, their primary concern was about financial well-being.

The founders of the Factory were convinced that the College board desired some return of profit from the Factory. Black tells of visits from the treasurer of the Church's national headquarters:

> The ... treasurer would come by after they had their board meeting and you know 'Thank you for what you are doing, but you know Neil you guys are doing okay, but couldn't you make a little bit more?'

Black attributed this value more generally:

> The College [presumably this refers to the board and/or the administration] felt that College money had gone into that thing and so their feeling was they had an investment in it. They wanted to have repayment back out of that investment.

The board's values regarding profit and loss at the time of founding was exemplified when they were faced with losses in the Press, another enterprise of the College. The following statement is in the minutes of a finance committee meeting (the members of this committee likely reflect the views of the board in regard to financial matters) held about three months after the Factory began operations: "The problem of the press was studied and it was the opinion of the committee that the press cannot continue under its present financial loss." The student paper, purporting to be reporting the College finance committee's views, suggested that financial self-sufficiency was a goal of the College, and it implied that the return of profit by the College enterprises would help attain this goal. This writer stated:

> The college finance committee has felt for years the need of some program which would bring the school closer to the blueprint set forth in the Spirit of Prophecy,

> namely, providing a definite work program as well as making the school self-supporting.

This statement was made in the context of founding the Factory, and it implied that the finance committee desired to have the Factory contribute to the goal of self-sufficiency of the College. To do this it would have had to do more than break even. Kingdom also believed that the board desired a return on their investment.

Other Church administrators There is evidence that the parent bodies of the College (i.e., the Church's national and world headquarters) strongly held the student labour provision values. Shortly after the commencement of operations, Kingdom reported to the board of trustees that both national headquarters and the world headquarters of the Church had supported and helped in the establishment of the enterprises on the campus. When I interviewed Kingdom, he stated: "They [the officers in the Church world headquarters] supported me and they had the same objectives for [the Factory]."

B. Domain values

Domain values are those values that pertain to the appropriate domain of operations. They have to do with the kinds and quality of products to be produced and markets to be entered. For the founding period there are a dearth of data regarding domain values from both archival and interview sources. There is evidence that Factory members valued the manufacture of products that were labour intensive and a relatively high level of quality

The founding managers desired a domain that maximized the potential to provide student labour. Black told of this interaction with Kingdom prior to the founding of the Factory:

> That was the purpose of the factory is to supply work opportunity. That was it. That's what Ivan Kingdom talked to me about.... He said, 'Neil we got to do something. I want you to think about.' And ... one of the early things we looked at was the manufacture of windows because that would be quite labour intensive."

This implies that both Black and Kingdom held a labour maximization domain value.

There are no archival data that support this contention regarding domain values during the founding period.

Black and Taves valued the achievement of a relatively high level of quality. Black, when interviewed, told of an incident to illustrate that both he and Taves valued producing high quality products:

> We had some firm came and approached us about manufacturing coffins, caskets. And they said, 'the thing that you guys would have to get used to is now you're turning out quality stuff but what you're talking about here is just stick it together so you can get it out the door.' You know that just/ .... Neither Ken or I were really interested in it, because it just totally ran against our grain.

C. Evaluation criteria values

Evaluation criteria values involve preferences about the appropriate criteria to be used for evaluating organizational performance. They refer to desires pertaining to how to evaluate the activities of an organization.

For this period very few explicit expressions of evaluation criteria values were made by involved individuals, either in interviews or in archival documents. In most cases when interviewees were asked what constituted success in the Factory, they told about what indicators they paid attention to. Kingdom made one statement which clearly shows his retrospective perceptions of the values he held regarding evaluation criteria:

> As far as I was concerned to me success in industry *should be* determined by contribution to the church, to the students' development, and teaching them a trade.... However, all the board looked at was the financial statements.... but after we got going and ... reported how many students were given work and how many of them were given training and so on, they became enthusiastic about the whole set up. In the beginning it was a matter of finances. Oh well financing student labour but the success was whether or not I made any money on it.

D. Organizing principles values

Organizing principles values are values pertaining to the appropriate principles of organizing. They specify the desires that organizational members have regarding how activities should be done. There were two salient organizing principles values: the first was the desire for the Factory to be an integral part of the College and the second was to recruit primarily students as first-line workers.

Values about organizing principles were both more explicit in the data and more controversial. Kingdom wanted to organize the Factory as an integral part of the College's educational program. For example, he wanted "no separate board" for the Factory, because he wanted it to be "an integral part of the educational program in the College and ... to have status as an educational venture." He wanted even the name of the Factory to reflect that educational value. He did not want the name to include the word "factory," because he "didn't want it to appear this [was] a manufacturing business." In the board minutes this statement, which clearly reflects Kingdom's thinking, was made about the name which included the word "factory": "It was felt that the name *should be* more representative of the objective of our industry." When I asked Kingdom to provide an explanation for this statement in the minutes, I expected him to have little or no recollection of the issue. Instead he said he clearly remembered the circumstances of the discussion, and he explained that the meaning of the statement was that he wanted the Factory to be seen as "part of the school educational program" and the name should reflect that integration. Obviously the board at the time agreed, because both the name of the Factory and the brand name of their furniture included an educational connotation. Kingdom added that he "wasn't too happy when [he] heard that they had changed the name to more of a regional name" a few years later. The name change to which he referred happened about fifteen years later during period P_1.

Black was not as committed to having the Factory so closely tied to the College. Before the Factory began operations, Black visited a factory which operated in a similar situation at a sister educational institution. Kingdom and Black have somewhat differing recollections of the outcome of this visit. Kingdom's recollection is as follows: The manager of this factory told Black: "Don't operate as part of the College. Get a separate board." When Black returned to the College following this meeting, he told Kingdom that he wanted a separate board for the Factory when it started. Kingdom's response was that the Factory was to be an "integral part of the educational program of the College." Black does not recall a separate board being an issue. Rather he remembers suggesting that the

Factory should "create" its own accounting system. Black recalls Kingdom's straightforward response: "Over my dead body." Whether the issue was the accounting system or the board is perhaps not that important. In actual fact both were very much integrated with the College program as Kingdom desired.

One of the first secretaries employed by the Factory commented that "everything went through the [College] business office. It wasn't a very good thing." She noted that it was awkward dealing with suppliers and customers when records were not kept at the Factory.

Some of the College faculty also believed that the Factory should not be such an integral part of the College. Their reasoning was not the same as Black's. Black reported that "some of the faculty criticized him [Kingdom]. They said 'he's more interested in that furniture plant than he is in graduating students out of the college.'" These faculty evidently did not see work at the Factory as being an integral part of the student's education, or if they did it was seen as a different kind of education, not the primary focus of the College.

The second salient organizing principles value involved the recruitment processes. I have already discussed the widely accepted desire to recruit and hire predominantly students for employment in the Factory. All individuals and groups involved agreed with and worked toward this end.

E. Saliency of values

Recall that saliency of values is determined by the power of the value holders, the commitment strength with which values are held, the degree to which the values are shared among those involved, and the presence or absence of competing alternative values.

The available evidence supports the conclusion that the *raison d'être* value of providing student work opportunities for educational purposes was most salient, because it was widely shared, with strong commitment, by powerful members, and other *raison d'être* values were not viewed as competing. When directly asked about the extent of sharedness regarding this value, Kingdom responded by saying there were no important differences among individuals or groups regarding the salient values of the Factory. This central *raison d'être* value was held or at least recognized by virtually everybody at ali levels of the Factory, College, and the Church. There is no evidence that any individual or group involved with the Factory absolutely rejected one or the other of these valued outcomes from providing student work opportunities. There is no evidence of a debate about which was the real *raison d'être*. While for virtually all involved, commitment to the educational outcomes was approximately equal to commitment to economic outcomes from providing work for students, Kingdom's power combined with his extremely strong commitment to educational outcomes placed the educational *raison d'être* value as most salient.

None of the *raison d'être* values were viewed by those involved as competing. The greatest possibility of competition between values involves profit-oriented values. Regarding values about profit, there was consensus that losses were not acceptable. Nobody was averse to earning a profit and those most directly involved with the College's financial matters (e.g., the treasurer) definitely desired a profit. Based on the experience of other enterprises owned by the College, once the Factory was started its survival would not be questioned unless it lost money. There was no desire to fund losses in order to attain other objectives (i.e., educational objectives). All participants involved wanted a break-even operation at a minimum. As long as a break-even or better was attained, this value would not conflict with student labour provision and was viewed as secondary. However, if a prolonged loss position had occurred, this value would have precluded the student labour provision values and resulted in a decision to shut down the operation. Referring to this period I can only speculate the size and duration of loss that would have caused decision makers to cease operations. Values regarding profit would have only been salient if there were prolonged losses.

During the founding period, the most salient domain value was the desire to produce labour intensive products. The most powerful members were strongly committed to this value, and there were no competing domain values.

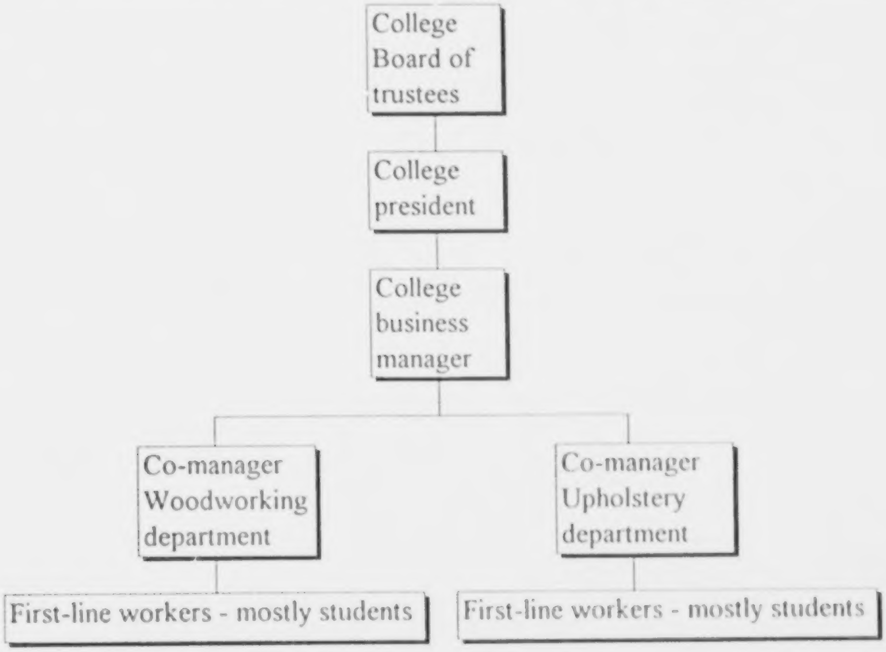
It is difficult to evaluate the saliency of the evaluation criteria values, because so little was written or discussed about them. It is tempting to observe the evaluation mechanisms actually used during the period and impute values. However, that approach would confuse some of the specific objectives of this study (e.g., analysis of embodiment of values and chronological ordering). However, it is safe to say that the most salient value in this category is the desire to measure success by student development. Kingdom, the most powerful founding manager, was strongly committed to this value, and there were no competing values.

The two most salient organizing principles values were the desire to organize as an integral part of the College and the desire to recruit students for all first-line positions. The first of these was salient, because Kingdom was extremely strongly committed to this value. There was a competing value that Black and the academic faculty were committed to (but not with as much strength as Kingdom held for the integrating value): the desire to organize separately. The desire to recruit students was almost universally held with much strength of commitment. There was a competing value that received weak commitment from the two less powerful founding managers. They, motivated by efficiency constraints and a need for consistent output, wanted to hire full-time employees. They were more strongly committed to student recruitment, so the saliency of the student recruitment value was not seriously challenged during the founding period.

4.2 Organizational design in place during the period

The organizational structure in place during the founding period was very simple. Figure 4.2 shows the structure in place at the time of founding. At the beginning of the period Taves and Black comprised the entire management of the Factory. They were co-managers, sharing the general management of the Factory. They split the production function. Black was in charge of the "woodworking" or "framework section" and Taves was in charge of the "upholstery section." This form of sharing of the general management very quickly evolved into a co-management splitting functional areas. Specifically, as time progressed they tended to divide production and sales. Taves became

Figure 4.2 P_0 Organization chart


College Board of trustees
College president
College business manager
Co-manager Woodworking department
Co-manager Upholstery department
First-line workers - mostly students
First-line workers - mostly students

more involved in selling so he was away from the plant most of the time. As this happened, Black's responsibility expanded to fill the production manager role for the entire plant. The division in general management between the two individuals shifted from a division by task to a division by function. Throughout the period they officially remained at an equal hierarchical level.

At the start there were two hierarchical levels in the Factory: the co-managers, who split the general management role; and the workers, who were almost entirely students of the College. Very shortly after beginning operations a third level was added. During the founding period, a foreman was hired for each section.

The Factory was organized as an integral part of the College, just as Kingdom desired. The Factory was "part of the school program.... Black and Taves met with the faculty at faculty meetings. They reported as well as any other department." Kingdom described the managers as being "part of the family. They entered in to all of the ... social activities of the College." The following sections will outline in more detail the various aspects of organizational design.

A. Domain

Products The Factory began by producing a "hostess chair", which was a simple armless upholstered chair. They added other relatively simple upholstered products to their line during the founding period: a "bed chesterfield" (hide-a-bed), sofas and chairs, and sectional furniture.

Markets They sold their furniture first to retailers in the local area and then to retailers in Edmonton and Calgary, and finally during this period their market was extended to parts of British Columbia and Saskatchewan. This market development was beyond their initial expectations. Black was aware of "great demand [for upholstered furniture] all over Western Canada" at the time he was planning the enterprise, but he did not think the growth would "mushroom" to the extent that it did.

B. Job specialization

In comparison to other manufacturing-type jobs, jobs in the Factory during the founding period were not highly specialized. Each job included a relatively large range of tasks. For example, framers built entire chair frames, and upholsterers upholstered entire chairs.

C. Formalization

During the founding period there was a low degree of formalization. There were no written job descriptions, rules, regulations and policies. Job descriptions were not clearly verbally specified. For example, one of the first full-time workers following Black and Taves described his entry into the employ of the Factory like this:

> The first week or so I was in the spray room and I didn't see much of what was going on. I was staying there doing the work I was supposed to be doing. I ... didn't know what was going on up front until it was about the day for school to

> start and then they told me I was going to be foreman of all this. [laugh] 'Wait a minute. I don't even know where the saw is' [laugh].

D. Recruiting, hiring, and indoctrination

In this section I address staffing issues that were considered significant by the participants during the founding period: the labour market from which members were selected and hired, the composition of the work force, the extent work was scheduled to fit the students' class and extracurricular activities schedules, and worship meetings.

The labour market from which workers were drawn was very narrow. All student workers were drawn from the College's student body, and all full-time workers and management were drawn from the Church's membership. Everybody who worked in the Factory during the founding period was a member of the Church. Other than these criteria, there is very little evidence about selection procedures. However, Kingdom made the following statement regarding the selection of management: "I got the kind of men I wanted and could get them to take the responsibility." He did not clearly specify what constituted the "kind of men" he wanted, other than that they were ones willing to take responsibility.

Students constituted the majority of the Factory's work force. Almost 73% of the total wages and salaries were paid to students during the founding period. Within a few months of beginning operations, there were approximately 20 students and the two co-managers. By the end of the period there were approximately 40 students and four managers.

During this period the College's curriculum schedules and the Factory's work schedules were mutually adjusted so that students' work schedules could be easily aligned with their school program schedule. The Factory management was very flexible in scheduling student workers. Students could flexibly choose work time to fit around their school schedule. One of the first foremen observed that "the students came and went as they were able." However, the management of the Factory preferred to have students who could work entire mornings or afternoons each time they came to work. There is evidence to suggest that the academic administration also attempted to schedule classes and other school activities to allow better work schedules. About one year after the Factory began operations, the student paper reported that:

> The administration has revised the curriculum so that more students could work during the day, and in order to accommodate all the students who need work, a night shift has been set up for college students in the furniture factory. Supper and worship have been moved up 15 minutes so that the students can work a shift starting at seven and running until ten.

Whether to let students off work for extracurricular activities such as band and choir tours or to study for examinations was an issue throughout the history of the Factory. During this period, management members were very tolerant of work absences resulting from these activities. They were quite lenient about allowing students off work when requests were made for these reasons.

No formal indoctrination program was put in place during the founding period. However, morning workers were required to attend a short daily spiritual meeting (referred to by Factory members as "worship"). The requirement to attend may not have been very stringent, because it was described as "kind of compulsory." Hourly workers were paid for the 15-20 minutes they spent in worship. These periods were used to present a spiritual message as well as a time to make general announcements regarding the business of the Factory. Black led worship most often. Taves also led worship, and occasionally some of the older students were given the responsibility.

E. Training

Employees were trained on-the-job. When production started initially, all workers had to be trained:

> I know for a fact that all those fellas who came into upholstery were just green. Just like the rest of us were on the other side [woodworking]. I mean most of those fellas were green. They never had any experience. So there was a lot of training to begin with. People had never put springs on a chair. Nobody had cut cloth or sewn it together or whatever. Mr. Taves had experience in all of this so he had to train all of those workers. And there was a certain amount of training on the woodworking side.

In most cases the goal for the student workers on the woodworking or milling side was to move over to the upholstery side. At that time workers generally had to work in milling and "show faithfulness and good ability and judgment" before they were moved to the upholstery section. Black stated that the reason for this progression was that it took more skill to do upholstery.

As a result the training of students who were employed by the Factory for several years followed a fairly regular progression through many of the jobs in the Factory. The students almost always started in the millroom, moved to cutting or framing, and finally to upholstery:

> We never brought a person directly into the upholstery. We always start when a student came in the fall and you hired new students. Maybe you started them out in the millroom. You see it wasn't always possible. Then you tried to move somebody that had worked for you the year before. Moved them up to upholstery or cutting.... There was always a progression. We didn't take some student that was just new and stick them in ahead of somebody that had worked there the year before for you. And there was always an opportunity to work your way through.

F. Compensation systems

All management, including foremen, were paid by salary. Salaries for the various categories were set by the Church at the North American Division level. The salary structure was quite egalitarian throughout the College. Salaries for the management of the Factory were virtually identical to those of the teaching and administrative faculty of the College. For example, in 1961 (this is the earliest time sufficient data is available to make exact comparisons, but the salary structure was similar in the founding period), Kingdom, the president of the College, was paid $88.75 per week, teachers' salaries were $80-$82 per week, Black's salary was $82 per week and Factory foremen salaries were $70-$80 per week. Therefore the highest paid College administrator was paid a mere 1.27 times more than the lowest paid foreman of the Factory. The salaries were perceived by the participants as being relatively low and inconsistent. Several interviewees told of students working in the Factory on piece rate jobs making more money than the College president.

Incentive remuneration systems were utilized for lower level employees very early during the founding period. During this period the following action was passed by the College board of trustees:

> That the industrial departments be permitted to grant a bonus of two cents per hour or portion thereof above the regular student pay on the basis of loyalty, punctuality, efficiency and carrying out the contract as entered into by the various departments.

Prior to beginning operations, Kingdom stated his intention to pay employees on a piece-rate basis. For the first year this method was not used much because "nobody was competent enough." Later during this period, first line workers, who were mostly students, on the upholstery side were largely paid by piece rate, while those on the milling side were paid by the hour. Piece rates were set by a "seat of the pants" method. Kingdom tells how the rate was set for one worker:

> There was a certain contribution that a student gave of legs, round legs that goes with furniture. In order for to get them out in the quantity we needed we put ... just one man we had on piece work and every day and every so often he'd come and say 'I can't make living price at the piece work price.' And so we would expand it. We had no other way of knowing what was reasonable.

Black told how some of the upholsterers continually pushed for higher rates, and Taves gave it to them if "he was able to get enough sales value out of that chair so that he could warrant that extra."

Workers in upholstery received a higher wage than those in woodworking or milling. As a result the upholstery department was considered by student workers to be the most desirable place to work.

G. Planning and control systems

Consistent with the low degree of formalization generally in the Factory, planning and control systems were quite informal during the founding period. In this section I address the decision making processes in general. Very few specific formal systems were in place. Issues surrounding the accounting systems were viewed as significant during this period. Quality control was viewed as a problem, but no formal system was in place. Each of these design aspects are discussed in this section.

Decision making Decision making was centralized and in the hands of the three founding managers. Kingdom was heavily involved, and in practice he held the ultimate authority. In reality the College board had final authority, but Kingdom would make decisions affecting the Factory and then "fight" with the board to get the official stamp of approval. According to Kingdom, decision making was "in [the] hands of management, except major decisions. Major decisions came to [him] and [the] College board." All data sources supported the contention that Kingdom played a very active role in the decision making of the Factory. He said that:

> all major decisions came through my office and policy and objectives and purposes were under my control. They [Black and Taves] had full authority in the management of the industry, but I made it a policy to visit their establishment often and was well informed.

All interviewees who were involved with the Factory during Kingdom's tenure remember (with positive feelings) the regular visits of Kingdom to the Factory.

> To show you how involved he [Kingdom] was when we finally really got going on that: Ivan Kingdom every morning on his way to the office would show up down at the furniture plant just to see how things were going.

Kingdom closely followed the activities of the College enterprises. During his almost daily visits to the Factory he would spend from a few minutes to an hour visiting with the managers and the workers. Especially during the early days of operation, Black sought Kingdom's input even with decisions that were Factory management prerogative. Kingdom said: "Black was very solicitous of my support. Even the phases that were left in his hands, he wouldn't hesitate to come to me." Black concurred. He gave an example:

> Let's say that we needed to buy 100 sheets of foam rubber or we needed to buy a car load of lumber. We would take those issues up with him [Kingdom], and we would get the approval to go ahead and do it. We'd move. Go out and do it. You know as we got further on into the thing he was not as involved you know with the day to day decision making process.

Black remembers Kingdom being very supportive of the Factory:

> [Kingdom] would go to the board and fight for anything you know and defend this furniture plant.... He would tell us to go ahead and then he would go fight with them [the Board] afterward.... I'm telling you he wouldn't take no for an answer. He wouldn't back down. Once he made a decision and we were moving on it he

> would fight until he got it. Yup absolutely. And that of course that was very important to us.

The first second level manager to be hired in the Factory (this occurred in 1957) remembered the decision making this way: "As far as saying what the factory did or didn't do, it was strictly between Neil and Ken Taves, and I imagine Mr. Kingdom, because they wouldn't do anything without first talking it over with him." The decision making in the Factory was very centralized at this time.

Accounting systems During the founding period, all invoicing, accounts payable, payroll and banking, "in essence the whole accounting procedure for the Factory," were "done through the business office" of the College. Black did not like this system, because it was difficult to maintain control of inventory and their accounts. He viewed it as an awkward system. As I noted above Kingdom insisted on maintaining this system.

Quality control systems Management considered the maintenance of acceptable quality to be a problem. Kingdom observed that the compensation system encouraged fast work, but not necessarily good quality work. However, he noted that there was no system to track a returned product to the worker who did the sub-standard work. While it was a concern, no systems were developed to deal with the problem.

4.3 Organization performance evaluation mechanisms

Organization performance evaluation mechanisms refer to the actual indicators Factory members looked at to judge their success. During this period success was measured with both financial data and with student employment data.

Black said he looked at financial statements that came from the College business department to determine the success of the Factory. These financial statements included student employment data along with the financial data. One manager explained how managers focused on particular aspects of the financial statements:

> When you did a statement at the end of the year, you looked at how many hours/ How many full time hours were there provided? How much student labour was provided? So you looked at so many thousand dollars student labour was provided. You look at the bottom line. Maybe you didn't make a lot of money. The purpose wasn't to loose money but nevertheless when you think of: 'Okay

you provided this much student labour.'

Because there is a tendency to think of success as referring to financial matters, when I asked interviewees how they measured success, they may have automatically thought I was asking about the Factory's finances. Therefore, the actual reports that managers made to the board and to the student paper are the best indicators of what they believed to be the important success factors. The student paper reported repeatedly and with favour that the construction work was done largely by students. Usually both financial data and student labour data were reported together in both the student paper and to the College board. The first time an evaluation of the Factory was mentioned in a presidential report to the board, Kingdom stressed only the contribution the Factory was making to providing student labour. During the founding period, this is the only recorded presidential report to the board that includes a reference to the factory.

4.4 Emergent or prescribed nature of organizational design and performance evaluation mechanisms

Prescribed design elements are those that are officially intended by Factory members. Emergent design elements are those that just happen as a result of interaction among members through time.

Because of the lack of formalization, it appears that most aspects of organizational design were emergent. That is to say, it is difficult to establish the intentions of members at that time, because they did not write them in the form of letters, memos and other documents. Most of the prescribed elements of design were prescribed as a result of being associated with the College and the Church. For example, the accounting system, the governance structure, the compensation system for managers, and the performance evaluation mechanisms were prescribed by the College and/or the Church. Virtually all the design elements relating to doing business and organizing within the Factory were emergent. The founding managers were not deliberate about the extent of specialization they wanted to have, the means and extent of training, the elaboration of the organization structure, the degree of formalization, or the means and extent of planning and control systems. Incentive compensation for first-line workers was both prescribed and emergent. Kingdom intended to pay based on worker performance, but the actual working out of the system was quite emergent as described in the above section on compensation systems. It is difficult to classify the hiring of Church members as prescribed or emergent. No intentions were stated regarding the Church membership status of employees. However, it was so entirely taken-for-granted that no official intention needed to be stated, so this aspect of their human resource system is best classified as prescribed. It was definitely intended and would almost definitely have been officially stated if anybody would have attempted to recruit and hire a non-Church member.

All design elements were prescribed or emerged from top management or other elites (i.e., College board and other Church administration). This is contrary to suggestions in the conceptual framework of this study (see Chapter 2), which suggests that prescribed design will emerge from top management and emergent design will originate with lower level members. There is no evidence of design elements that emerged from the lower level workers of the Factory during this period, and both types did originate with top management.

4.5 Context: Environment and performance

Throughout the Factory's history members viewed two especially important elements in their external environment as significantly impacting performance. One was the economic environment and the other was the Church constituent environment.

Economic environment The economic environment that the Factory faced during the founding period was quite munificent. Customers were for the most part quite accepting and friendly toward this new furniture manufacturing enterprise. One of the general managers from a later period reflected back to the founding period:

> There was a lot of loyalty ... on the part of the customers that were buying the furniture because of the fact that when it was sold to them they were helping students gain an education. I mean this was common knowledge out there.... It did create a loyalty of a sort. In other words, in a sense, maybe they would accept a poorer quality once in a while 'cause they knew they were helping these students and so forth.

Taves was quoted in the student paper: "Most of the firms with whom we do business are very much interested in knowing that our furniture is built and upholstered by students. They think it is fine training."

As noted above one of the original student workers, who later became sales manager of the Factory, believed that the environment was very accepting of their product, because he stated that "what you could make you could sell." Internal considerations were more significant. Production was the primary constraint.

The larger environment, while extremely important as a provider of supplies and a market for products, was not an important element in the relationship between values and organizational design during this period.

Constituent environment The students' parents and other interested Church members wanted to have work opportunities available for students. Parents valued having their children work. However, this constituency was concerned about the financial welfare of the College. They did not want a new enterprise that would be a financial burden upon the College, and they (like College administrators) were quite pessimistic that they would be able to have both work opportunities and minimal financial success (i.e., break even). Therefore, the support from the College's constituency was guarded.

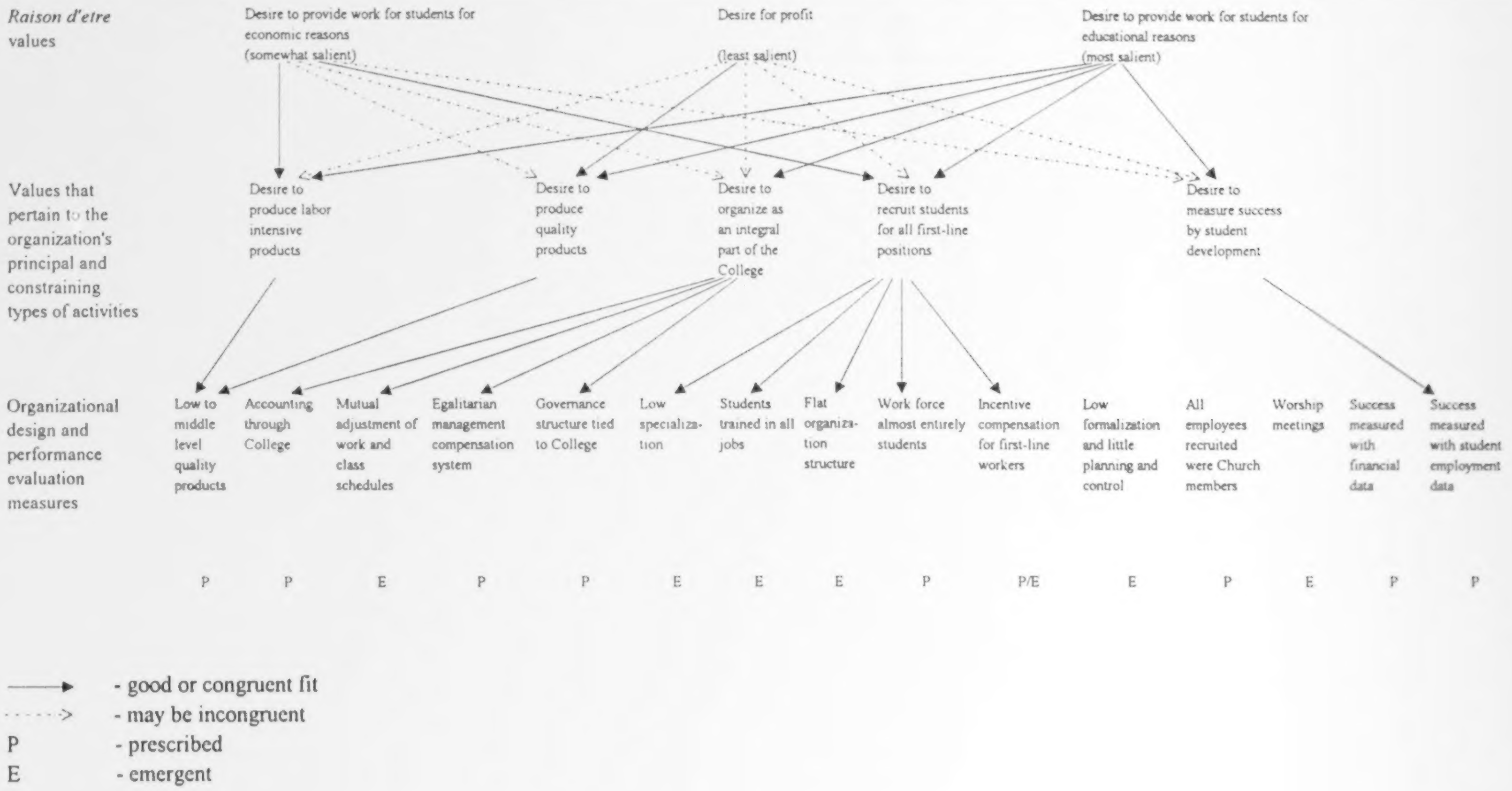
4.6 Analysis, summary and conclusions

In this section I further analyze the data, summarize and draw conclusions about several aspects: the hierarchical nature of the salient values, the embodiment of salient values in organizational design, and the chronological ordering of salient values and organizational design. The relationships that I discuss in this section are ones that I have observed (as opposed to ones suggested by Factory members). I explicitly point out instances that members noted or pointed to as support for their actions.

A. Hierarchical nature of the salient values

There are many logical connections among the salient values. Figure 4.3 diagrammatically demonstrates the hierarchical fit between the *raison d'être* values and

Figure 4.3 Hierarchy of values and embodiment of values in organizational design and performance evaluation measures for pivotal period P_0


Raison d'etre values
Desire to provide work for students for economic reasons (somewhat salient)
Desire for profit (least salient)
Desire to provide work for students for educational reasons (most salient)
Values that pertain to the organization's principal and constraining types of activities
Desire to produce labor intensive products
Desire to produce quality products
Desire to organize as an integral part of the College
Desire to recruit students for all first-line positions
Desire to measure success by student development
Organizational design and performance evaluation measures
Low to middle level quality products
Accounting through College
Mutual adjustment of work and class schedules
Egalitarian management compensation system
Governance structure tied to College
Low specialization
Students trained in all jobs
Flat organization structure
Work force almost entirely students
Incentive compensation for first-line workers
Low formalization and little planning and control
All employees recruited were Church members
Worship meetings
Success measured with financial data
Success measured with student employment data
P
P
E
P
P
E
E
E
P
P/E
E
P
E
P
P
- good or congruent fit
- may be incongruent
P - prescribed
E - emergent

the values that pertain to the organization's principal and constraining types of activities. The domain values (the desire to choose a domain that is labour intensive and the desire for quality), the evaluation criteria value (the desire to contribute to student development and to teach a trade), and the organizing principles value (the desire to organize as an integral part of the College and the desire to recruit only students for all first-line positions) all congruently fit with the *raison d'être* value of providing work for students for educational purposes. Kingdom was consciously aware that there was a connection between providing work for students for educational purposes and organizing as an integral part of the College; and both Kingdom and Black recognized that producing labour intensive products would be a means of fulfilling their desire to provide work for students for either economic or educational reasons.

There is less congruence between the *raison d'être* value to provide work for students for economic reasons and the second level values. This *raison d'être* value is congruent with the domain value of seeking a labour intensive domain and the organizing principles value of recruiting students, but there is no obvious fit between it and the other second level values. That is not to say that they are incongruous. These values can co-exist without dissonance, but they are not mutually supportive.

The *raison d'être* value of returning a profit fits even less closely with the second level values. Depending upon the Factory's strategy, this *raison d'être* value will generally fit well with the domain value to produce quality products. However, depending on the circumstances, there may be incongruity between this value and the other values. That is to say, choosing a labour intensive domain, recruiting students, evaluating success by contribution to student development, and organizing as an integral part of the College could possibly detract from returning a profit.

The logical connections between the first and second level values held by Factory members fits well with the suggestions of my conceptual framework. In the above section (4.1 (E)) I identified the most salient values by assessing the power of the value holders, strength of commitment to the value, degree of sharedness, and strength of commitment to competing alternative values. The most salient *raison d'être* value during the founding period was the desire to provide work for students for educational reasons. As expected this value is logically connected to and congruently fits all of the second level values. Also the other two somewhat less salient *raison d'être* values do not fit as well with the second level values.

B. The embodiment of salient values in organizational design and performance evaluation mechanisms

There are also logical connections between salient values and organizational design and performance evaluations mechanisms. That is to say, organizational design was in many ways an embodiment of the salient values. Figure 4.3 diagrammatically shows the embodiment of the second level values in the design elements. As I proposed in the conceptual framework, the salient values of the Factory did become embodied in its organizational design. The domain chosen involved a product that required labour intensity and was conducive to training students in a trade. The founders chose a product line that was sufficiently simple such that it was reasonable to expect students to do all aspects of the production. The managers of the Factory attempted to produce quality products at that level.

The success of the Factory was measured by the amount of labour provided to students. As noted above the management of the Factory and the administration of the College focused on the amount of labour provided to students. This is compatible with the desire to measure the contribution to student development. Of course, a true measure of student development would include more than merely counting student employees or adding up dollars paid to students. However, the contribution to student development is a difficult thing to actually measure, so although looking at numbers of students employed does not really measure this contribution, it is the best proxy measurement available at least in the short term. The focus on financial data is consistent with their desire to be minimally profitable.

Several design elements clearly embody the desire for the Factory to be organized as an integral part of the College. The accounting system and the governance structure ensured a close relationship between the College and the Factory. Kingdom was aware of this relationship. The class and work scheduling of the College and Factory also demonstrated the integral nature of the Factory with the College. The fact that the management of the Factory was compensated similar to the faculty and administration of the College helped maintain the unity between the College and Factory.

There are just a few design elements that do not obviously embody salient values. I previously mentioned that the reason no values were stated regarding the recruitment of only Church members is likely that these values were held, but not expressed, because they were thoroughly taken-for-granted. The low degree of formalization, the lack of formal planning and control systems, and the flatness of the organization chart are actually referring to the *absence* of design elements. They are placed in the figure to highlight changes described in following chapters. The exact reason for their absence in this period is not known (or knowable), but it is likely due the Factory's age (i.e., very young) and size (i.e., very small) rather than any salient values pertaining to these elements.

C. The chronological ordering of salient values and organizational design

There is evidence that salient values did precede organizational design elements. I argued in the research design chapter that members tend to explain their actions as being deliberate. Therefore, I would expect interviewees to place values chronologically prior to design even when that ordering was distorted. For example, if they hired mostly students, they would likely claim in a retrospective interview that they *wanted to* hire mostly students prior to the hiring. Because archival data avoids this source of distortion, they are most valuable in determining the chronological ordering of values and design. As noted in previous sections, there were some values about which no archival records from the time or prior to the time of founding are available. However, the archival records strongly support retrospective perceptions that the salient *raison d'être* values of providing work for students for both educational and economic reasons preceded organizational design elements that embodied these values. Most notably, the desire to organize as an integral part of the College and the desire to recruit students were evident prior to the design elements that embody these values. These are the design elements that best characterize this period.

Archival data support the contention that the founders and other key decision makers held educational values prior to founding. The educational values were stated officially by College administrators long before founding. In a 1918 publication of a predecessor organization to the College the following was written under the heading "Industries":

> It is the plan of the management to train the hand as well as the brain, and to this end each student is required to assist with the regular work of the farm and the Home, and to do his work with an aim to constant improvement in efficiency and speed. His work will be frequently criticized by those in charge, and semester grades will be recorded for industrial work and domestic life the same as for book studies.

The 1958 *Bulletin*, a publication outlining the objectives, policies, programs, etc. of the College, published a statement reflecting a value similar to that published in 1918. It listed the following as one of the objectives of the College: "To emphasize the dignity of labour and the training of each student in a vocation, trade, or profession with sufficient skill to earn a livelihood." While a 1953 or 1954 *Bulletin* is not available, it is safe to assume that this educational value was held officially from the inception of the College.

Another example which helps establish the chronological ordering of educational values relative to founding is found in a presentation to board members in which Kingdom stated the following at a College board meeting held seven months after the beginning of Factory operations:

> Since coming to the College almost four years ago, I have had the privilege of sponsoring the industrial program, that work which has been so strongly emphasized by the Spirit of Prophecy. Mrs. White has stated that 'daily, systematic labor *should* constitute a part of the education of the youth ....

Although he stated this after founding the Factory, the close proximity to founding of this evidence along with his current claims that these values preceded founding is convincing evidence that the chronological ordering is as suggested in the conceptual framework.

D. Conclusions

The pattern of values and organizational design initiation in the Factory is largely consistent with this study's conceptual framework (see chapter 2). The external environment was conducive to the founding in that the constituency desired such an organization, even though it was skeptical of success at the College, and the economic environment was munificent. There were value-driven founders available to establish the organization. A logical hierarchy of values became established, and then these values became embodied in the Factory's design. All this is consistent with the conceptual framework.

However, the role of lower level members was not as significant as suggested in the conceptual framework. The available evidence suggests that their impact in the establishment of the values was insignificant. Also their suggested role in the development of emergent design did not occur in this period.

CHAPTER 5

P_1 - Key Member Changes and Financial Crisis

5.0 General description of the period

There are two significant factors that support the contention that the period from 1966 to 1972 is a pivotal period of the Factory. First, there were relatively rapid changes in the Factory's top management and in the College's administration, including the departure of the last of the three founders. Neil Black, who was a founding co-manager, left in 1963. Ivan Kingdom left his position as College president in 1965. Finally Ken Taves, the other founding co-manager, left in July, 1966. The departure of Ken Taves seemed to be a particularly disruptive change, because following his departure, he opened his own manufacturing plant and attempted to sell his products to the Factory's customers. Remaining Factory members believed that this event at least partially caused the financial crisis that occurred during the period. They understood that he attempted to woo customers to his own business while he was still employed by the Factory. This combined with the fact that his departure left a large gap due to his expertise in design and his familiarity with customers and selling furniture.

Following Ken Taves's departure, there was a series of somewhat reluctant general managers filling that position. Temporarily, Walter Clark was made acting general manager for a little more than one month. He was given this position in addition to his position as College business manager. Then Peter Matison became the general manager. Approximately one year later, Walter Clark was again made acting general manager and Peter Matison was reinstated as "superintendent in the factory." Peter Matison described the situation pertaining to the general manager position at this time as being in "limbo"; he described himself as a "care taker" rather than manager, because he saw himself as skilled in production, not management. Matison had worked in the Factory as a student at the time of founding, and he had been employed there continuously since that time. Walter Clark's position as general manager was solidified when at a College board meeting on September 5, 1967, the directors passed a motion to transfer him from the position of

College business manager to the position of general manager of the Factory. Clark was given the job following his evidently convincing appeal to allow the Factory to continue operating. He came to the board meeting and discovered one item on the agenda was the consideration of closing the Factory. He described the event to me as follows:

> WC: ... So I gave it my best shot [referring to his appeal to the board]. Well the upshot of it was that one of the board members made a motion that if I was so sure of things that maybe instead of closing it that they ought to put me in as factory manager.... After some discussion, it carried. So that was how I ended up in the furniture factory.
> CA: You said yes right then?
> WC: I didn't have much choice. I never did say yes. It was just a case that if you're going to eat you're going to be there full time.

This was an hierarchical demotion, and Clark himself felt that the view of the constituency at large regarding the "head of a little industry" was that the position was "second rate" when compared with similar positions "out in the world of business." In spite of his demotion, Walter Clark enthusiastically confronted what he thought were needed changes in the Factory. His enthusiasm was likely due in part to his own values and the belief that this second rate status was inappropriate. He believed these enterprises were a very important means of providing Christian education and teaching the "value of ... work."

Clark presided over the implementation of recommendations made by two consultants from other Church organizations. Because board members perceived that there were problems with "the taking of physical inventories" in the Factory, a few months prior to Clark becoming the Factory general manager, the board invited these consultants to give a report. (I refer to this report as the "1967 Consultant's report" throughout this chapter and it is described in Appendix A.) Changes that occurred as a result of the implementation of this report were significant. I discuss these changes in this chapter.

During Clark's term as general manager, production and sales increased significantly. He was described as being "very aggressive" by several interviewees. He was the first manager in the Factory who had a formal business education. Factory members perceived this as being significant, because they believed it caused him to view the organization from a business perspective. Clark served as general manager until the early part of 1969.

Fred Larson came to the Factory as general manager in 1969. He was never very enthusiastic about taking the position, and he was quite anxious to leave it. He saw himself (and other members agreed) as one who maintained the status quo. At this time the College was sponsoring Irvine Kennedy, who had worked at the Factory while attending the College, in finishing his bachelor's degree in business at one of the Church's sister colleges. When Kennedy completed his degree and returned to the Factory, he was the second Factory general manager who held a business degree. His education in business was significant to members. One of the other top managers with Kennedy, Peter Matison, said this about him and his business education: "I kind of think he was the one that really put it ahead. Because he actually had the business behind it. He went in for business and that's what it really takes, you know."

To Larson, Kennedy's return signaled an opportunity to leave the Factory. Following Larson's departure in the fall of 1971, three functional area managers shared the general management of the factory for several months. This "triumvirate" was comprised of Irvine Kennedy (the sponsored business graduate), Ray Ramsey, and Peter Matison. Following the advice of a consultant, these three managers along with a fourth whom they had hired as plant expediter, Ian Jackson, went on a retreat to do "long-range planning, developing objectives." I refer to the report that resulted from the effort of this retreat as the "1972 Conference report" throughout this chapter and it is described in Appendix A. The consultant participated as a "facilitator." The participants agreed (on the consultant's advice) upon a new "management structure." Irvine Kennedy became general manager, Peter Matison became sales manager, Ian Jackson became production manager, and Ray Ramsey became manager of research and development. The participants also wrote objectives, plans, and job descriptions for their positions. The new organizational chart (shown in Figure 5.3, pg. 126), plans and objectives (outlined in Appendix B) were presented to and passed by the College board. This proposal formed the basis for operations for approximately the next ten years. Following this conference, there was very little change in top management until 1983.

There were also changes in College administration around this same time. After Kingdom left in the summer of 1965, Green became College president. He remained in that position for approximately two years. Walter Clark became the College's business manager at almost the same time that Green became president in 1965. In 1967 Novak became the new College president, and he also held the position of business manager. Beginning in September, 1967, Thomas was given the title "controller." In fact, his job description was the same as that of "business managers" who preceded him and followed him. In mid-1971 Mat Neilson became president and Harold Emery became business manager. The establishment of the new management team in the Factory and the new administrators in the College marks the end of P_1.

The second significant factor during this pivotal period was the extremely poor financial performance of the Factory. As noted above in 1967 the College board was on the verge of closing the Factory due to excessive losses. In the action placing Clark as general manager, the board added this ominous statement:

> If this does not substantially improve the operating picture of the factory within the next two months, the Board of Trustees be asked to give study to the possibility of phasing out the operation of the factory as soon as they deem wise.

The situation with the College as a whole exacerbated the perception of financial crisis in the Factory, because this was a time of crisis for the College as a whole. The College business manager, in his report to the College board on October 2, 1966, stated the following in reference to the "financial situation at the College": "The present is a state of emergency and we must solve this problem." Student enrolment had dropped from approximately 450 students in 1964 to a little over 300 in 1966. Most of the business enterprises owned and operated by the College had lost money over the ten year period prior to this time. The Factory was viewed as a "special problem" in this regard, because its accumulated losses made up almost three quarters of the total. The College had accumulated over $400,000 of debt, and the board felt that this "large debt" was "inhibiting the development" of the College. The Church had two similar, struggling colleges in Canada, and the College's sister institution was trying to convince the national constituency that the College was redundant and should be closed.

This pivotal period was pivotal due to a combination of changes in key personnel and perceived financial crisis. The perception of financial crisis had abated by 1968, but it was not until 1972 that top management had stabilized and charted a new direction for the Factory.

5.1 Salient values held during the period

A. *Raison d'etre* values

The central *raison d'etre* value of providing work for students was quite widely held continuously through the period following the founding period and the pivotal period P_1. All sources of data support the contention that there was little change in this value between the founding period and period P_1.

Both the economic and the educational values of providing student labour were held by those involved, but the educational values were waning when compared to the founding period. Throughout most of this period, the desire for a break-even level of profit continued. However, the desire for profit increased at the end of this period. In this section, I will outline the *raison d'etre* values of the various key individuals and groups: general managers, other managers, students, College administration and board, and key members of other Church organizations.

General managers The first general manager of this pivotal period, Clark, was faced with defending the Factory at a time when the board appeared ready to close it. This forced him to analyze the values he held regarding the Factory. He valued both the economic and the educational aspects of providing work for students, but he tended to emphasize the economic. He said that he was motivated to accept the positions he held at the College and the Factory by his belief that he had learned the "value of work in getting [his] own education." He elaborated by saying that "if there hadn't been the chance to work my way through, I wouldn't have got it and that was all." He showed his educational values by adding:

At the same time I realized the amount of learning I did on the job so I developed a

> firm commitment personally to school industry ... and to make it possible for people who otherwise couldn't gain that Christian education.

He argued as Black had in the founding period that the total financial impact of the Factory on all aspects of the College should be considered:

> You can't continue to operate something at a loss, but on the other hand a good many times a person could take and show in the overall picture how many students wouldn't be there at all, and what would be the magnifying effect on the cafeteria, the dormitories, all the other facets of the institution if X number of students weren't there, because they wouldn't have been there if there hadn't been employment for them. What would that effect have been in total? I mean this in my mind had to always be looked at.

Clark felt that his "mandate" was:

> To use as much student labour as possible as efficiently as possible and still balance that with coming to at least a break even on the bottom line. I had never felt in my operation of school industries that ... my mandate was to make a huge profit. Because it's impossible. If you're going to use student labour, it's impossible to do that in a sense.

However, he felt that the College enterprises should not be subsidized:

> My thinking is that in fairness that these various industries needed to stand on their own and their financial picture needed to be competitive.

Clark's economic values were apparently known to the students, because in their 1968 yearbook they put this caption beside his picture: "First, it must be economically sound... (Mr. Clark, manager)."

The second general manager during the period, Matison, valued the provision of work for students. He believed that the educational values for providing students work opportunities were lost gradually, but the departure of the founding managers, Taves and Black, marked a significant decline in the saliency of these values. He stated that even though he personally continued to value educational outcomes, the support from the College caused a decline in saliency. He noted that as an educator Black was more capable in fulfilling educational values. Matison held these values but with less commitment (strength) than the founders (especially Kingdom).

Larson, the third general manager during P_1, reported that in his interview for the general manager position, he was told "we've got to have the factory to provide work for students", and that "at a time like this you can't risk losing the furniture factory because that's the king pin of our employment for students." He was told that "it doesn't matter if we're losing a little bit of money on this. 'Look at all the student labour we're generating; keeping all these students in school.'" Larson did not agree with this view. His reply:

> 'Hey, if we lose money we're going to be out of business. We have got to make money. We've got to be in a profit position.' Because I had heard that logic before and I absolutely don't buy it.

He held the attainment of profit as an important *raison d'etre* value, but in the final analysis he had not departed too much from the desire to merely break even. His following statement clarified his position:

> I really felt that it was a great thing to be producing furniture, but the reason we were doing it was to provide student employment there and make some money for the college if we could. But if we broke even, it kept alive you know, had enough profit to keep going..., provide the student labour was the basic thing.

Larson believed that the *raison d'etre* of the Factory could be achieved by providing work for parents or spouses of students and not just to students themselves:

> The fact that ... student labour was routed around through parents who supported students in school didn't bother me at all.... Well, obviously some of the people who worked there were working there so they could keep their kids in school. So this was student labour done by a parent. You follow me and, uh, I was happy with that.

Not everybody shared this happiness though, because he reported that "some people growled about that." Larson's acceptance of family members being employed to support a student demonstrates that he did not value the educational aspects of providing work opportunities for students to a great extent. Providing work for the students' family members could achieve economic outcomes from providing work but not the educational ones.

The triumvirate and then Kennedy continued to value the provision of student labour, but they valued profit attainment with more commitment (strength) than had previous top managers. One middle manager said this referring to Kennedy: "Irvine used to emphasize what our purpose what our goal was. And one of the ideas was to employ students." Kennedy himself stated that the purpose in hiring students was so that they could "work their way through school." Then he added: "And also part of the philosophy was to learn a trade, ... to learn job responsibility as well as academics was all part of the philosophy." He did not state any of these "purposes" and "philosophies" as values that he personally held.

Following the examples of the founders, Ramsey, a member of the triumvirate, referred to Ellen White as a basis for his values regarding work opportunities for students:

> Sister White even in her own writings [wrote that] every college, every institution [should] have some sort of industry. And that's what it was set up right from the start. Self-supporting type. But every student should have some sort of work you know. I still maintain [that it] don't matter what education you have ..., you should have a some hours a day of some sort of manual labour. You might not need it now but later on you do.

Although the document produced at the 1972 Conference does not use language that indicates values held (e.g., should, desire, prefer, etc.), it provides the best indication of the values held by top management, especially Kennedy, at that time. This document suggests a shift in values: the desire to provide student labour was held with less strength and the desire for profit held with more strength. The document includes the objective regarding the provision of student labour as the seventh of ten objectives (see Appendix B). This seventh objective starts by stating that the objective is "to provide a service to the College and the local community through providing 115,000 hours of employment." It then states that they will "utilize as much student labour as is economically feasible within the total profit and production objective of the Company." My argument that these statements constitute a shift is based on three observations: (1) placing it seventh out of ten objectives seems to be placing a low priority on it; (2) the statement suggests that there is a desire to serve not only students of the College with work opportunities but other community members as well, and (3) finally, and most significantly, it states that student labour will only be used if it does not negatively affect profit attainment. That is to say, the *raison d'etre* value of seeking a certain level of profit is a higher priority value than that of providing student work opportunities. The concluding statement of the document supports my argument that a value shift occurred:

> In the past, even though student labor has been provided, the factory has been a financial burden on the College. With the implementation of this proposal in its entirety, everyone concerned will benefit, the College, the students, the community, the customer, and the employees.

Other managers All three of the *raison d'etre* values were held to varying extents by the middle managers and supervisors during this period. All of the middle managers and supervisors I interviewed from the period professed to hold the *raison d'etre* value of providing work for students. The desire to provide work for students for economic reasons (i.e., so they could pay tuition) was most widely shared with the strongest commitment among this group. For example, when I asked one supervisor from the period about the purpose of the Factory, he said he "thought it was a good arrangement for students" so that they could work "their way" through College. Another supervisor, who reflected the most common position of this group, stated that the Factory was there to provide opportunities for students "to earn money to pay their tuition."

The educational values were not held with as much strength, but they were still present to some extent. One supervisor, who stated that money for tuition was most important, added that "a lot of them went out of there and started their own business in upholstery." When I asked whether this vocational training was a desired outcome, he said he did not think so. When I asked whether there was a desire to teach students to work and to take responsibility, he said: "Oh, that definitely counted big."

One supervisor felt that the educational values "pretty well died when Ken and Neil [founding co-managers] left." He said that he thought that "it started to turn more into a business rather than an educational thing. It had grown to a big enough business that they could see dollars." One supervisor held the educational values with as much strength as Kingdom had in the founding period:

> It is a training ground for students.... I mean it was part of the education system just like teaching math. You taught kids how to work. Whether you were going on to something else or whatever.

There is evidence that the *raison d'etre* value of providing student labour was not accepted as strongly by all the management of the Factory during this pivotal period. Larson reported that this value was being challenged by middle and lower level managers.

When I asked Larson whether the *raison d'etre* value of providing student labour was shared by all the management of the Factory, he replied:

> The management of the factory was not sold on that idea, no. I couldn't pinpoint who particularly but I know quite a few of them felt 'hey, this is an entity in itself. It has its own life, and we should be making this factory pay better.' And of course this was again the profit sharing that began before, the idea of 'let's have a few more full time guys that we can count on' and 'let's get the furniture out and not worry about students that are always flaking out on us; not showing up when its exam time; just here for part of the day even at best' and so on. Yeah, that view was not totally shared by everybody in the factory. That's for sure.

When I asked one supervisor if there was widespread agreement among the management regarding student employment. His response:

> Probably down in their minds it was, but there was so much negativeness over students, because you know they are aggravating. You can't really afford them big wages that students want.... They kept some of these students on when they were really not worth anything. It just seemed to me that they felt obligated to hire students and it didn't matter whether it was a worker or a loafer.

Generally, supervisors from this period held the view that the Factory should attain a break-even in profit and loss. This is a typical comment: "I think it was there to supply employment for students and [to] break even. If you make five cents, fine."

Students As in the founding period, student workers from the period believed that the Factory was there to employ students for economic reasons (i.e., to be able to pay their tuition) rather than educational reasons. In October, 1967, one student wrote, "Think about the work you do - ... the hours of the job that you manage to hold for financial reasons." An interviewee who worked as a student during the founding period and then had returned and worked again as a student during this pivotal period said that "when he started it was to provide employment to students so they could pay their tuition, etc.", but that "later [referring to this period] they started hiring more full-time to provide continuity." He said that if there was a purpose other than to allow students to earn money for tuition, etc., he "didn't know about it."

Some students did apparently hold the educational values associated with work opportunities, because in their 1965 Yearbook (just prior to this pivotal period), they wrote this: "Work is part - a valuable part - of our educational philosophy."

College administration and board Early in this pivotal period, the administrators of the College conducted a self-evaluation study. This study covered many areas of concern to College members. It is a useful source of data for this study, because it does provide evidence of values College administrators held regarding the Factory. (In Appendix A and throughout this chapter, I refer to the report resulting from their study as the "1966 self-evaluation study.") In this study they addressed the question: "What is the main purpose of each [of the enterprises] in the contributions to the institution?" For the Factory they included all three *raison d'etre* values:

1. It provides work for students
2. It enables students to learn a trade to a certain extent
3. Added income to school.

The report elaborated on the educational values in an explanation of how the school enterprises contribute to the character development of the student workers:

> By working with others they learn to co-operate with each other. They learn to adjust to different working conditions. By working their way through school they learn money management. Learn responsibilities.... The philosophical basis of the college rests upon a Christian concept of the nature of man: that his ultimate purpose is to love and serve God and his fellow men, and that all his educational experiences whether through instruction or co-curricular activities, are to contribute toward helping him achieve that end. The program of [the College] is designed ... to provide systematic preparation for vocations and professions and to encourage wholesome respect for the dignity of labor.

Under the heading "Industries and work program" in this same report, statements were made which strongly purport the economic and educational values resulting from providing student employment:

> Each one contributes to the school program by providing income for the students in order that they may meet school expenses. Each one contributes to the life-preparation of each student by seeking to instill habits of diligence, trustworthiness, thoroughness, promptness, and building a respect for the dignity and value of worth-while labor.... School industries, contribute to character development by insisting on thorough work, promptness, dependability. School industries contribute to the instructional program by providing students for the teachers to teach. Many would not be here at all if they were unable to support themselves. School industries contribute to vocational and industrial education by teaching trades at which students have already begun to earn their living.

The report preparers also addressed the question: "Does each department understand purposes and objectives, as related to those of the Institution?" For the business enterprises, they perceived a conflict between the pursuit of profit and the educational objectives:

> It is possible that emphasis on profits, minimizes the educational value of work experience as to diligence, thoroughness, and promptness in meeting work appointments. Co-curricular and outside activities often encourages absence from work appointments, as do class assignments. This may tend to degrade value of work to a secondary level.

The College business manager (Harold Emery) who began his tenure in 1971 clearly pointed out the administration's *raison d'etre* values later in the period:

> The administration of the College wanted to see two things. They wanted to see number one an industry whereby work could be provided [for students] and on the second part they wanted to see an industry that was also profitable, that you didn't have to subsidize.

He also referred to the 1972 Conference (see Appendix A). He said that in the planning conducted in this conference, the group of top managers "included the key thing [the College administrators] were concerned about and that was student labor." This business manager also believed that another purpose of the Factory should be to expose young people in "developing work ethics."

Factory management did not entirely agree that College and Factory personnel held similar values regarding the Factory. Factory general manager Clark perceived that "certain circles" of College faculty did not share his values of providing work for students. He perceived that some board members and administrators of the College only looked at "whether [the Factory] was making a profit or not." He also perceived that some members of the "educational administration" thought that "education at a university level ... in itself is the end. The practical side of life is just peripheral type of thing." A supervisor from the period also believed that not all College faculty and administration valued the provision of labour for students. He said that "some thought that they [the students] should just be studying."

Other top managers from the period perceived greater unity between College and Factory personnel. One top Factory manager (Ramsey) was presumably referring to the

College administration when he made this comment: "Well, that's what it was for. Always they were preaching, it was work for the students. Even if we broke even." When I pushed him on this issue by asking him "So there was not pressure to make money then?", he replied: "Well, there was. No. There was pressure to make money, but the idea behind it was to make work for students. Just as long as you broke even. That was all." Larson thought that the College administration shared the *raison d'etre* value of providing work for students: "I think the administration of the College by and large saw us as a student employment operation."

The profit values held by College administration were similar to those held by Factory management. One view which seemed fairly prevalently accepted by College administration and College board members during this period was advanced by an board invitee consultant:

> If we have students enough, we can take some loss in the industrial areas because of the labor provided students. With increased enrolment, Cafeteria and Dormitories are better off.

As noted above Emery, the College business manager of the latter portion of this pivotal period, saw profit to the extent that subsidization was not necessary was secondary to the provision of work opportunities for students. With the changes in College administration (a new business manager and president) late in this period there was a shift in values. The shift was toward a stronger commitment to the desire for profit. This mirrored the shift among Factory management.

The above evidence suggests that these three *raison d'etre* values were explicitly held by the College administration during this pivotal period. However, it also indicates that the administrators recognized that these espoused educational values were waning or being minimized by some key members. The waning of these educational values was attributed by these administrators to the "emphasis on profits." The management of the Factory, on the other hand, believed that the educational values were waning because the College personnel no longer saw this type of work as meeting its educational objectives.

Other Church administrators The views of key members of other Church organizations were reflected on the College board, because as Factory general manager

Clark pointed out many of the members of the board were Church officers from provincial and national headquarters. He thought that the Church administration accepted the need to provide work, because while they were students these leaders had needed to work to get through college:

> The board was composed from officials from those entities [Church headquarters offices].... [At] that time most of the conference presidents had been dependent on work at [the College] to have got through so I think there was a definite endorsement of the work ethic.

B. Domain values

There was little attention focused on domain values during this period. The most plausible explanation for this is that the domain values established during the founding period had become taken-for-granted. As a result the members felt no need to express them. Late in this pivotal period at the time that the triumvirate was set up as Factory top management, a report was presented to the College board that outlined the new management structure. This report also referred to changes in Factory policies, procedures and strategies. With regard to domain, the following statement highlights a small shift in domain values:

> A new attitude toward sales has been taken and all small sales through the plant as well as to customers is (sic) being discouraged. We are seeking to develop a number of larger accounts that pay promptly and give these accounts service as well as sell merchandise. In regard to consignment sales, we have discontinued any consignment sales to customers.

A few months later at the 1972 conference (see Appendix A) this same group of top managers clearly stated their domain values: "It is our objective to maintain a quality product at competative (sic) market prices and with high consumer acceptance."

This statement indicates that there was a continuity in domain values regarding price and quality positioning of the Factory's products.

C. Evaluation criteria values

No data regarding evaluation criteria values were found pertaining to this period.

Similar to the situation with domain values, the most plausible explanation for this lack of data is that the evaluation criteria values established during the founding period had become taken-for-granted and there was no felt need to re-evaluate them. Both measures of contribution to student employment and financial outcomes were accepted indicators of success. Therefore, even with the shift in *raison d'etre* value commitment to profit attainment there was no need to re-evaluate evaluation criteria values, because profit attainment measures were accepted and therefore available.

D. Organizing principles values

Two areas relating to organizing principles values were significant during this pivotal period. The first had to do with the desire to separate the governance and decision-making of the Factory from the College, and the second had to do with the desire to formalize budgetary planning and control.

Three of the general managers of the period definitely believed that the Factory should be separated to a greater extent from the College. One area of separation these managers desired was to have a separate Factory board. Regarding the decision-making board for the Factory, Clark strongly believed in separation:

> My philosophy would have been that and still is that there's two things: a board that is elected to operate a college needs to interest itself in the educational end of it. And if you're qualified to do that you don't have time to give the leadership to the industry.... There has to be either [one or the other of] two ways. You have to either give the management of the industry or a portion free hand or you have to have a controlling board that meets often and also meets specifically to deal with it. 'Cause you know if you ever see a college board agenda, it's zoom zoom zoom. All these things. Then down at the end, furniture factory. Well, you know, ... by that time they're looking for their plane schedules to get back to something else. It sometimes can be very frustrating to get someone. You know you have to get approval to make this change or this expansion and by the time you get it, it's too late. You have lost ... the need for it, because you've lost your competitive edge or whatever you were trying to get at the time.

Clark believed that businesses operated by the College needed to "stand on their own." There were two aspects to his contention. Firstly, he believed that they should compete on an "equitable basis." By this he meant that the college should not charge overhead to the business just to keep it nonprofitable in order to avoid the possibility of paying taxes. Secondly, the separation of accounting and allocation of overhead expenses should be reasonable so that they could "see exactly where [they] were" and thereby operate efficiently.

Clark favored a separation of the College and the enterprises even to the point of a total separation in ownership. He explained how he thought this should work: "I am still a very strong proponent of these school industries owned by an outside consortium or whatever runs it.... [The] Church doesn't really need to be directly into business." In fact, Clark said that "there was a lot of discussion about ... trying to sell the Factory to [a Church members'] consortium or something of this nature."

An earlier general manger, Matison, shared this view of a need to have a greater degree of independence from the College:

> Our payroll and all that sort of stuff was going through the business manager of the college. It didn't really make sense. I mean they had a college to run, and we were trying to run a business here, and there was a conflict always as to what got attention.

Prior to becoming general manager, Larson had developed a value position regarding the relationship between a school and a school business enterprise:

> I had just finished getting my Master's degree visiting a lot of school industries, and I had found in talking with successful industrial managers that they were the ones that ran a strong program and told the school administration to keep their hands off and let them do their thing, and they would run a good industry and make a profit. So in theory I was sold on the idea that we *should be* running our own affairs. In practice I wasn't able to carry it out.

The second significant area of organizing principles values during this period, the desire to formalize budgetary planning and control, was expressed in a motion passed on October 30, 1967 by the College:

> Special attention to [the Factory] is needed. A proper operating statement for a manufacturing enterprise *should be* prepared which will facilitate budgetary analysis and control. Particular attention *should be* given to the sales program and selling prices. Cost data on finished products *should be* ascertained.... A realistic operating budget *should be* prepared and adopted by the Board of Trustees. Up-to-date financial statements and analysis *should be* compared with budgetary figures to achieve proper control. Adverse exceptions of operating figures from

> budgetary figures *should be* immediately determined as to source and possible remedy.... There is a need for control of requisitions and purchases. In the precarious cash-shortage situation, management *should* exercise complete control on every facet of financial commitment both for operating and capital purposes. In this connection continuing studies *should be* made of inventory requirements in all areas with a view to releasing tied up working capital to be used to reduce liabilities.... A capital expenditures budget *should be* prepared and rigidly adhered to. Needs for capital outlay *should be* pared to the barest minimum and *should* not exceed available funds for capital purposes.... Comparisons of actual and budget *should be* made monthly and expenditures *should* not be allowed to exceed the budget. This requires absolute control of purchases and we would suggest in the circumstances that the president of the college sign all capital expenditure requisitions and purchase orders.... A report of capital expenditures *should be* a part of administration reports to the Board of Trustees or Board of Management each month. (Emphasis added)

E. Saliency of values

In this section I assess the saliency of the values discussed above based on the power of the value holders, the commitment strength with which values are held, the degree to which values are shared among those involved, and the presence or absence of competing values.

During this period the saliency of the three *raison d'etre* values do not differ in strength very much. All three values were held by virtually all individuals and groups involved in the Factory. That is to say, they were widely shared. The strength with which members were committed to these values did change during this period. However, there was a small degree of change and by the end of the period the desire for profit had become the most salient, but it was only slightly more salient than the desire to provide work for students for economic reasons. It was most salient, because the most powerful participants held it with more commitment strength than the other. The Factory top management and the College administrators shifted their *raison d'etre* values during this period. Their desire to provide work for educational reasons waned to a great extent and their desire for profit increased somewhat. Their desire to provide work for students for economic reasons was held with approximately the same commitment strength throughout the first two periods. Generally, they did not view these two most salient values as competing. However, the writers of the "1966 self-evaluation study" believed that the educational values of student labour provision competed with profit attainment.

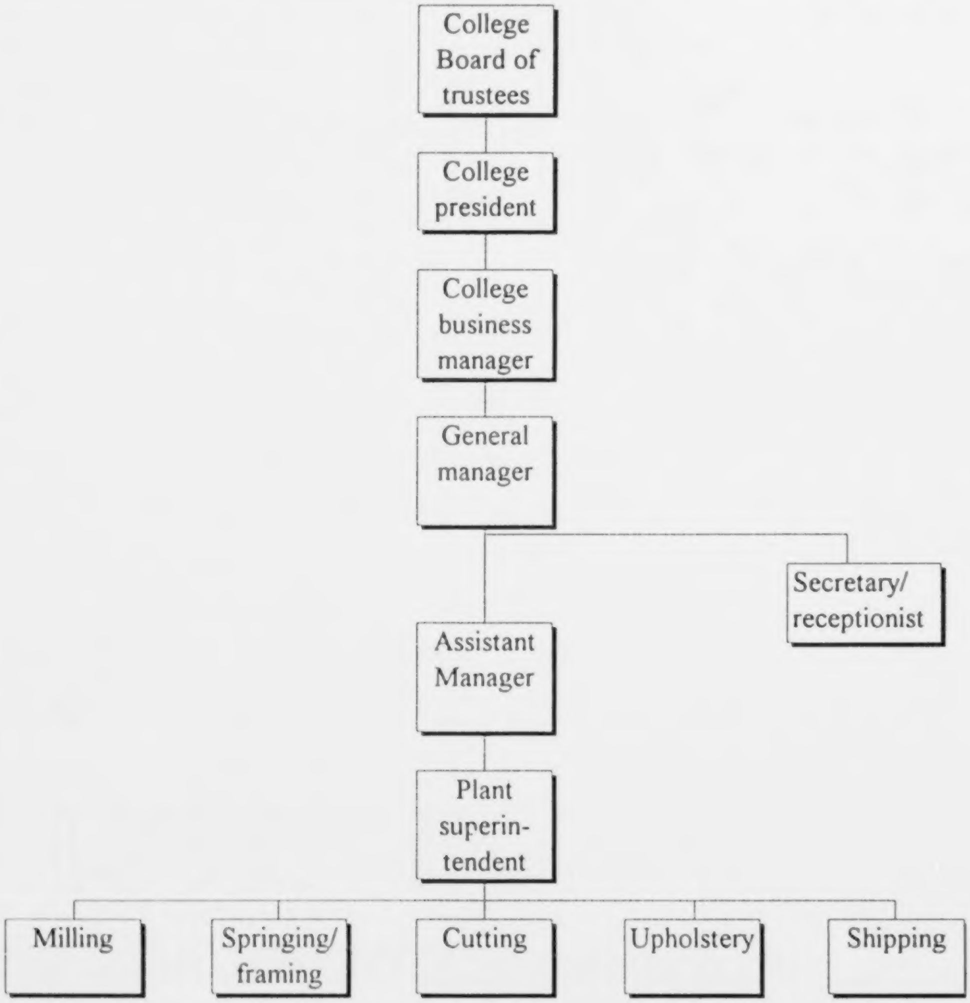
The desire to separate from the College was the most salient value pertaining to the organization's principal and constraining types of activities. Both Factory management and College personnel desired this, albeit for different reasons. The Factory management believed integration with the College was impeding their pursuit of profit and College personnel believed that the provision of work for students only indirectly helped them achieve their objectives. This desire to separate was the most significant change in values during the period.

5.2 Organizational design in place during the period

The organization chart of the Factory had evolved somewhat since the founding period. There is no existing documented organization chart prepared that illustrates the structure prior to 1971. However, in March, 1966, in a College list of faculty and staff, only four individuals from the Factory were included. This suggests that the structure was very simple and very flat as it had been during the founding period. Clark said that before he became the general manager "the structure ... was less closely defined." Based on Clark's retrospective description, I have prepared an organization chart (see Figure 5.1). This did not change significantly until toward the end of the period. In 1971 the "triumvirate" structure was implemented. Figure 5.2 shows an organization chart that was prepared during the period.

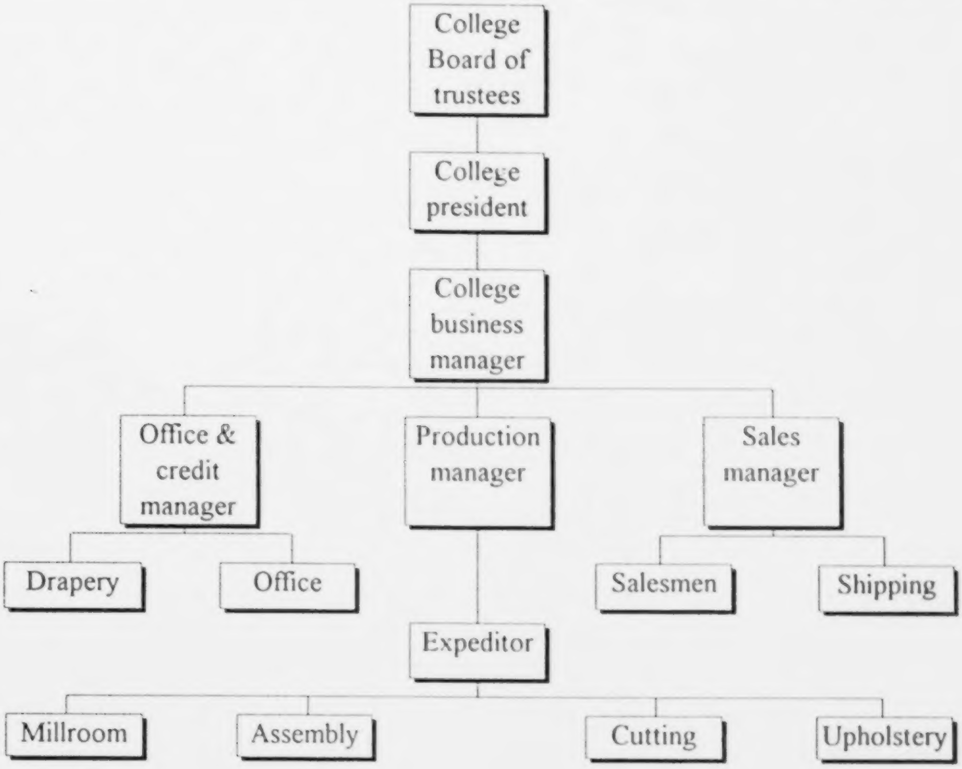
In the 1972 Conference which signaled the end of this pivotal period, the structure of the top management of the Factory was again changed. In the document which the participants produced at the conference, it was stated that: "To achieve these objectives, it is felt that there has to be a change in the organizational structure." There were several

Figure 5.1 Organization chart, 1967


College Board of trustees
College president
College business manager
General manager
Secretary/ receptionist
Assistant Manager
Plant superin-tendent
Milling
Springing/ framing
Cutting
Upholstery
Shipping

noteworthy changes when this structure was implemented. The most significant change was probably the change to one general manager. Matison (a general manager during the period) recalls the consultant telling them that "'one of you fellows ... regardless of how well you get along and that sort of thing has to be the manager.'" He went on to say that they "agreed unanimously that Irvine should be [their] manager because he was the

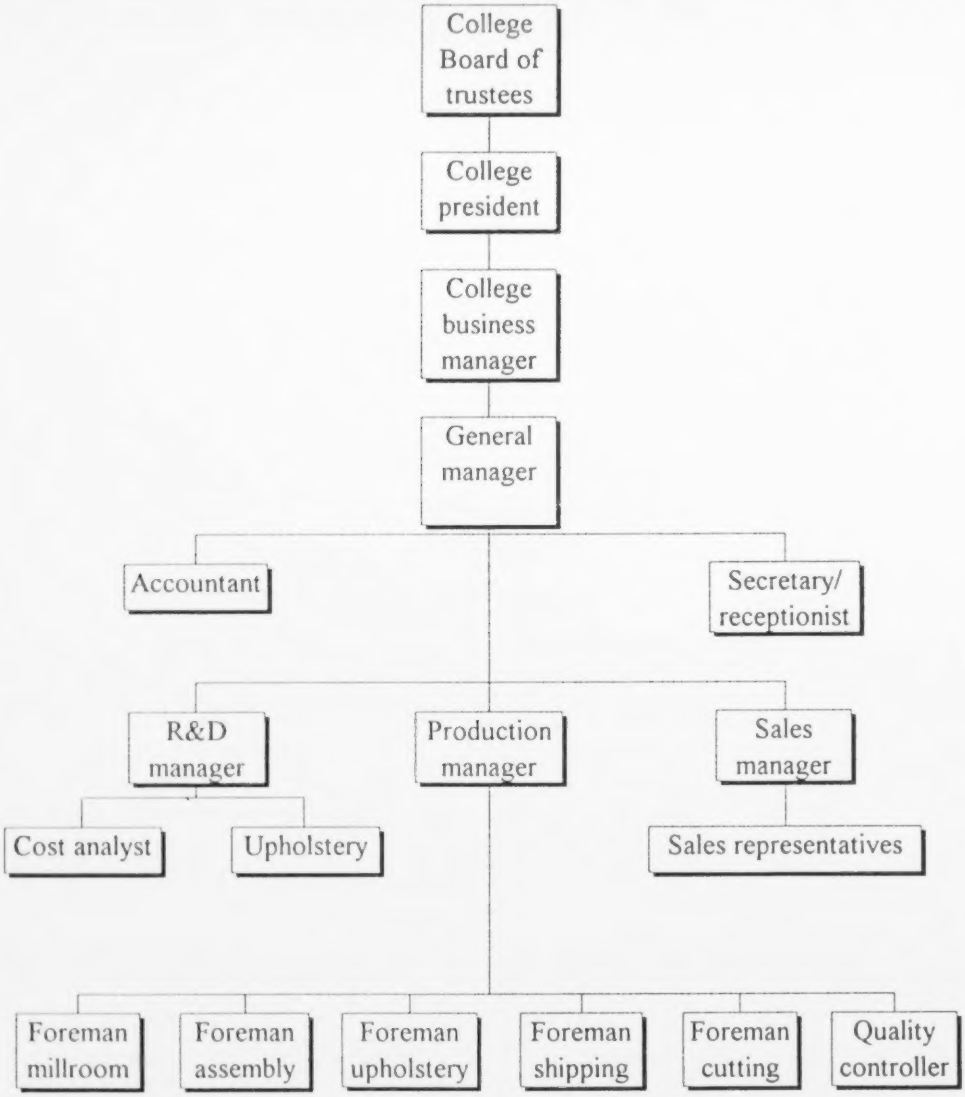
Figure 5.2 Organization chart, September, 1971


College Board of trustees
College president
College business manager
Office & credit manager
Production manager
Sales manager
Drapery
Office
Salesmen
Shipping
Expeditor
Millroom
Assembly
Cutting
Upholstery

accountant. He knew office procedure." Several changes elaborated the management structure. The most significant change of this type was the introduction of the research and development department, with a cost analyst and upholsterer in the department along with the R&D manager. A "quality controller" was also added in the production department. Three assistant foremen were added for the millroom, assembly, and cutting departments. Figure 5.3 is an organization chart prepared by Factory management following the changes instituted at the 1972 Conference.

While the Factory remained an integral part of the College during this pivotal period, there were areas of separation in the organizational design of the College and the

Figure 5.3 Organization chart, April, 1972


College Board of trustees
College president
College business manager
General manager
Accountant
Secretary/ receptionist
R&D manager
Production manager
Sales manager
Cost analyst
Upholstery
Sales representatives
Foreman millroom
Foreman assembly
Foreman upholstery
Foreman shipping
Foreman cutting
Quality controller

Factory. In the following sections (e.g., Section G. Planning and control systems), some of the more concrete aspects of organizational design separation are discussed, but first I will consider some of the general indications of both a continued close relationship on the one hand and indications of drifting apart on the other hand.

The continued close, almost paternal, interest that the College presidents held for the Factory continued throughout this period. For example, Novak, the second president following Kingdom, continued to visit the Factory on a regular basis:

> He would drop by the factory, if not once a day, once every two or three days on campus. He'd come in and wonder how things were going and maybe take a walk out through the factory. That was a tradition ever since the days of Ivan Kingdom.

A foreman from the period remembered Novak and Neilson, the president following Novak, visiting regularly:

> The president, what's his name, Neilson was there and who was there before Neilson? Yeah, R.H. Novak. I mean he used to come down there every other day or every day he'd go through the factory, you know. Get involved. It was just a satellite.

The socializing of the Factory with the College personnel continued to be extensive. An important social event that the College sponsored was the board banquet. Factory management, including foremen, were invited to the board banquet during this period. In other less formal ways the personnel from the two groups were socially close. One foreman recalls that period:

> We ... were part of the school and they'd go to faculty meetings, you know. You're involved, you know. You can use the gym and you'd be involved in intramurals and everybody was a part of the school.... I used to go to get a faculty card and they used to ask you to have faculty parties and like you were part of the faculty. I mean they called you faculty.

Factory management also received small benefits such as free admission to lyceum programs and staff rates at other programs. They were also given College faculty responsibilities such as campus weekend patrol.

However, there were indications that the Factory was becoming socially more independent. Two important social event in which a separation occurred during this period were Christmas parties and summer picnics. The members of the Factory began having their own Christmas parties during this period. The first Factory Christmas party happened as a result of a challenge made by Clark to produce $100,000 worth of furniture in the month of November, 1967. He promised a "catered Chinese feed" in December if they could "hit 100,000 in November." They reached the goal and as a result had a Christmas party. The College business manager who came late in this pivotal period (fall, 1971) had only a faint recollection of the Factory having separate Christmas parties. His wife worked in the Factory and he remembers attending at least one Factory Christmas party. He thought the Factory management had wanted a separate Christmas party to improve the morale of the workers. He thought the "splitting away" was "because of their own plans and programming." Also during this period the Factory held an annual summer picnic. The summer, 1970 edition of the student paper reported that the Factory held its "annual picnic." This picnic was an especially celebratory occasion, because it was held immediately following the first fiscal year in which one million dollars worth of furniture was sold.

A symbolic indication of the separation of the Factory and College was the Factory's name change. In 1969, just shortly after Larson become general manager, the name of the Factory was changed from a name associating it with the College and with an educational program to a name that identified it with the region where the Factory is located. Larson explained that the change was pushed on him by the president of the College. He was not sure whether there was pressure on the president from other administrators, constituents, etc. Larson explained that this change was to shake an image that "a bunch of school kids that didn't know anything about building" were making this furniture and the new name "sounded like something more classy." One foreman from the period had this perception:

> Now this is my perception. Some furniture went out that wasn't up to snuff. And merchants didn't want college furniture. Now this is my perception whether it's right or not. And then I noticed that [new regional name]. I mean I don't know.

A. Domain

The products manufactured during this period continued to have simple designs although as noted above there was some movement to more complex designs. The price and quality continued to be in the low and medium range. One foreman from the period understood that the styles were simply designed so that students could produce them:

> They tried to keep the styles simple and you know everything simple so students could learn, you know. Like they used to do the sets in three pieces so it was all broke down so it wasn't that complicated for sewing or anything. I mean there was like they had six, seven, eight styles and they were all basically the same just a little different pattern back and a little arm treatment. No, they tried to keep it simple. I think they had it geared for students.

Clark attempted to move the product line to a higher price/quality level. He definitely viewed the use of student labour as a constraining factor in pursuing this move. He explains the solution that was implemented:

> What we did was sat down and really studied the composition of how these [high end designed furniture] were put together, and then put it together in such a way that our full time people were handling the critical part of the production of this, and that then using the students on the less important sections of even the same piece of furniture, and students more on the medium and low end so we were able to maintain a quality that was acceptable.

A new type of product was added to the Factory's product portfolio for a short time during this pivotal period. In November, 1969, the Factory began producing drapes. Larson, the general manager at the time, stated that "there was money to be made in it", which suggests that the desire for profit prompted this domain move. Following this comment, I asked Larson how this domain decision was made. His response:

> Well I guess it was the idea that we were buying fabric anyway. We were buying drapery fabric from the same people at a good price. In fact one of them suggested that we should be doing drapes because there was a shortage of good drape manufacturers.

Larson went on to explain that he had previous experience with window covering, because he had worked as a salesman of the products. In addition he had friends who had drapery manufacturing experience. An important thing to notice here is that there was no mention of job potential for students. The venture was not a success, and it was discontinued in November, 1971.

B. Job specialization

Assembly line production was used to a greater extent during this pivotal period than it had been during the founding period. Clark said in an interview:

> There was more emphasis on the breakdown in production. In other words, instead of one upholsterer say taking a set and upholstering the whole thing, there was more emphasis on somebody that did arms all day and somebody that did something else that they became more proficient.

Archival evidence from the period supports his claim:

> The Factory, under the management of Mr. W. Clark..., has seen many changes during the past few months. The major change is the regrouping of assembly procedures. The functions involved in assembling the upholstered products have been broadened and departmentalized. This has saved on material handling, and has speeded up production. If demand necessitates, another partial assembly line may be created.

One student worker explained how he and another student set up their "own production line." They decided they could make more money by splitting the tasks involved in upholstering chairs. He went on to say that he was later put on an assembly line. He said he thought it was "about the second assembly line going in the whole place." This occurred in the late 1960s or early 1970s. This is the only example of an emergent design element that originated in lower-level ranks.

C. Formalization

The organizational design of the Factory became more formalized during this pivotal period. The first archival evidence of any written regulations, policies, job descriptions, etc. originated during this pivotal period. In 1970 the College released its first written "Faculty-staff working policy." This policy applied to Factory personnel. Several references were made regarding the intention to increase the formalization of the Factory in a 1971 report presented to the College board. The following planned activities were included in the report: the first formal organizational chart, a new sales policy was to be "typed", and "job descriptions [were] to be written up for each level from the foreman up through management." These job descriptions were likely never written, because there are none included in the available archival documents and no interviewee remembers job descriptions from this period.

There is evidence that job descriptions did in actual practice become more specialized and formalized during this period even though they may not have been written.

Clark reported the following to the board: "The duties and responsibilities of our foremen and full-time workers has been spelled out much more clearly than in the past."

The 1972 Conference (see Appendix A) marked a significant event in extending and increasing the degree of formalization in the Factory. This was the first time that "objectives" and "operational plans" were developed and written. Based on available archival documents, the first written job descriptions were produced at this conference. Job descriptions listing the "general responsibilities" of the four top managers were included in the document.

Regulations and policies were still largely informal throughout this pivotal period. One area of potential need for regulation was student attendance for work appointments. One student who worked at a time several years prior to this pivotal period noted this as a significant problem. The management of the Factory was more tolerant of student absenteeism for some reasons than it was for other reasons. For example, dormitory students generally wanted to absent themselves from work to go home for long weekends. "They put up" with this type of absenteeism, but they got more upset with students skipping for reasons such as wanting to go to town. They were quite tolerant of this type of absenteeism as well, because very few students were terminated during the period. When I asked a foreman from the sewing department how student requests to be absent to study for exams or to go home for a weekend were handled, she replied: "That wasn't any problem. It was just their school came first." I asked one foremen, whose tenure largely coincided with this pivotal period, how he dealt with tardy students. His answer:

> They'd have to listen to me. That's about all. I mean as far as I was concerned, 'If you can't do better than that you better stay home.' I mean, that's as far as it would get.

The management were also quite tolerant of full-time workers' requests to absent themselves from work. Larson told of one employee:

> He would take off when he wanted to go hunting. When he wanted to do something on his own, he would take off and that was it. Generally he had a whole pile. We had an attic back in around behind his area. He'd have that thing so jammed with frames before he left, they wouldn't run out. He was very much doing his own thing.

The installation of a separate employee entrance also tended to formalize the relationships between workers and management. Part of Clark's effort to "carry out industrial operations in a business like way" included constructing this separate entrance in the Factory plant. Following this: "The workers [were] only [to] come in the office and showroom on official business" and "unguided tours of the factory and visiting with employees" were forbidden.

D. Recruiting, hiring, and indoctrination

Several human resource management issues were significant during this period: the labour markets from which employees were recruited, the authority to hire and fire employees, the pressure to hire and the extent of hiring students, scheduling work for students, and worship meetings.

Labour markets Employees were recruited from the same labour market as during the founding period. That is, all student workers were students of the College and all full-time workers were members of the Church. While Clark was general manager, he encouraged the full time workers to be active members of the Church:

> I always emphasized that I always liked to see people who worked full time at the factory be in regular church attendance taking part as deacons and what ever. In other words, be recognized as regular parts of the church and community.

Church attendance was also considered important by the College administration. In the "1966 self-evaluation study" (see Appendix A), this statement was found under the heading "worships": "The attitudes of some full-time workers is not good, some don't go to church."

Authority to hire and fire Hiring and terminating of full-time and part-time non-student personnel required the approval by the board. This was a requirement during the founding period, but it was not formally made explicit until this pivotal period. The College "student employment" office hired students. This was the procedure from a student's perspective:

> The factory said we need so many kids or we need a kid for the millroom or whatever. Then he'd [the student employment officer] interview, and then he'd

> send you down with your little employment card to the factory, and you worked for the school. I mean your pay all went up there you got your - if your school bill was paid for - you got your cheque from the college.

One foreman during that time did not even know who selected the students or how they were selected. He reported that he "had no say in it at all."

Pressure to hire and the extent of hiring students Because the *raison d'etre* values focus on the desire to provide student employment, the composition of the work force is an important element of the Factory's design. During the founding period a large percentage of the labour was carried out by students (just under 73% of the cost of labour was paid to students during the first two years of operations - see Table 3.3). However, during the two years immediately following the founding period, there was a sharp drop in the proportion of labour by students (48.8% in the fiscal year ending in 1958). This was likely due to the attempt to form a "skeleton crew" of full-time workers "so that everything didn't come to a halt" when for various reasons the students were not available to work. Black explained that from time-to-time there was especial need to have a full-time crew:

> When we got into the sales time - say, the June bride sale - that's the time when students were writing examinations and that caused us a lot of anxiety, because these buyers out there they would holler, curse and swear at you on the telephone, 'I need that stuff', you know, 'We got this sale coming up' and you know we were pushing hard from our stand point to keep the students working. 'Well, we got to study you know. We didn't come here to run a furniture plant. We came here to get an education.' So, yeah, those were problems. I think after I left the desire for more full time help came even more so.

Larson perceived the need for full-time help much as did Black:

> There were times we just needed somebody [referring to full-time employees] real bad you know and we'd really scream for it. If we could get around their [College administration and College board] objections we could get them. If somebody good showed up and we could put up enough of a case, we could get them.

Following the rapid drop in percentage of student labour cost compared to total labour cost immediately after the founding period (from 73% in 1956 to 48.8% in 1958), there was a steady increase until the fiscal year ending in 1962 (61.31% during that year). It remained quite stable for two years. Following this there was a steady drop until the

1966-67 year, in which only 27.2% of the wages and salaries were paid to students. One possible explanation for this drop is that after Black departed, Taves was not as diligent in keeping student employment high. This possible explanation is impossible to substantiate. Countering this argument is the repeated contention made by Black that he and Taves were in agreement on the hiring of students.

Besides the need to have a "skeleton crew" for times when students were not available, there were three other reasons for a tendency toward a ratcheting increase in full-time workers. One reason was that once profit-sharing was instituted, the lower-level managers began putting on more pressure to hire full-time workers, because they believed that full-time workers were more productive. As noted above, Larson observed that they had "the idea of 'let's have a few more full time guys that we can count on.'" Larson said there was "always a tension there." He also felt he needed "more full-time people" to "get production up", and the administration would counter with: "You're taking on this other full time person. How many students is that going to put out of work?"

A second factor that tended to move the Factory management to hire more full-time employees was the movement toward more complex furniture styles, thus requiring a higher skill level. This tendency was evident first in the sewing department: "[In] sewing, I think we gravitated more and more away from student-seamstresses. It was too difficult for them to learn on the different sets."

A third possible cause of the ratcheting increase in full-time workers in relation to student workers was that there were not enough students available at times. The student paper reported this interchange with Clark:

> In reply to the question, 'Would the factory be short of help this year?' Mr. Clark stated, 'Yes, primarily in jobs that require certain skills and maturity, there will not be enough student labor to fill out the program.'

Because the turnover rate for student employees was much higher than that for full-time employees, this ratchet effect occurred. In May, 1968, the members of the College board and administration became quite alarmed about the extent to which the labour was being provided to non-students in the enterprises owned by the College. The board passed a motion:

> to appoint a committee to study the minimum number of staff required to secure optimum efficiency in all departments of the college, including the industries with a view to effecting maximum economy of operation.

When it came to actually eliminating some full-time positions, the enterprise managers experienced great difficulty. In spite of this difficulty, for two years (1967-68 and 1968-69) there were significant increases in student employment relative to non-student employment.

Scheduling The scheduling of College classes and Factory work was an important element of the relationship between the College and the Factory that impacted recruitment and hiring. There is evidence that the scheduling of work, extra-curricular activities and classes was both a problem and a concern during this period from the point of view of the College administration. In the "1966 self-evaluation study" (see Appendix A for a description), the following question was addressed: "How interrelated and supportive are the instructional, work, and extra-curricular programmes during the school year?" The researchers' findings were:

> Our present timetable does not work too well with the industries' work programmes. The extra-curricular activities do not co-ordinate with the industrial work programme. In so much that a scheduled programme cannot be carried out by the industries due to students absentees (sic). This leaves the industries short-handed; making it hard to meet date lines. At times it is even hard to keep machinery moving on a production basis. The student irregularities, to a large extent, hinder the industrial income.

At another place in the same report, scheduling for the work program was alluded to:

> [The College] has not been obliged to go to evening classes so far. This will have to come one day, possibly soon in order to provide a better work program.... The difficulty is that the academic program has been set up to the disadvantage of the work program. All classes seem to let out at 3:30 when the workers descend on the industries at once.

One foreman, whom I interviewed, remembered that at some point during his tenure the College implemented a schedule with high school classes slated for the morning, so high school students could work in the afternoon and vice versa for college classes. He thought this was started while Clark was there (late 1960s) and continued throughout the remainder of the interviewee's tenure which ended in 1980.

The management of the Factory during this period had somewhat varying attitudes toward the scheduling of work for students. Larson said that while he was general manager, there was variability in scheduling options for students depending upon their experience and their tasks. If students had experience and their projects lasted five or six minutes (e.g., framing a chair), then they were allowed a great deal of flexibility. Jobs which entailed projects of longer duration were not considered for such flexibility. Generally, students with no experience were not selected unless they had a four hour block in which they could and were willing to work. For extra-curricular activities (e.g., band and choir tours), Larson expected his student workers to get replacement workers for the period they would be gone. For exam preparation requests, Larson encouraged students not to "cram", not just because it was inefficient for the Factory, but also because "from an educator's point of view" he felt it was not the best way to learn.

One foreman, who started working at the Factory during this pivotal period, "felt [the Factory management] went the second mile with these students trying to fit them in." Referring to "band tour and this sort of thing", he "felt that the students should be responsible enough to let them know ahead of time, but it really worked down to the full time people just filling in."

Another foreman reported that the only rule he had in his department was that students "couldn't come in unless they [were] able to work three hours."

Another foreman from the period remembers the way the College personnel supported the Factory during this period. His statement is somewhat unclear. He begins by making value statements (i.e., "has to" and "have to"), but later he refers to things the College personnel "would" do, referring to this period:

> To run a program like that, the college *has to* enforce. Like deans *have to* be involved to send the kids to work. I mean the college *has to* support the industry and say, 'Look you're working there, you get your buns down there. We're going to support the factory. You get down there and work. You're not sick'. Or the nurse would go over and say, 'Get to work.' Like they would encourage kids to work.... They encouraged the kids and they baby sat them and stuff. I mean like in the old days and made sure they were there, you know made sure they were there.

The context of his statement suggests that deans, nurses and other College personnel actually supported the Factory in this fashion around the time of this pivotal period.

Shortly after Clark became business manager of the College, he attempted to take a more rigid stance in regard to student work schedules in the College's enterprises. This is what he told the College board in the fall of 1966:

> In the past, we felt that the industries were not making the best use of student labor. These students, in effect, became the tail wagging the dog by setting their own terms and working only if they pleased. This situation was not an easy one to change but change is coming and we are much encouraged. The slowness of change is not due as much to lack of cooperation of students as to the unwillingness of work supervisors to change old habits.

There is no other evidence that this change actually came to fruition at this time. That is to say, there is no evidence that students' flexibility was curtailed during this period. Generally, the scheduling of work was characterized by accommodation of students' class and extra-curricular activities. In fact, in order to accommodate students, the Factory operated one day each weekend.

Worship meetings No formal orientation or indoctrination was conducted. However, worship meetings were still held each morning during this period for all members who began working at the time of opening each day. In addition to spiritual edification these worship periods also served other purposes. They would have "little parties" at this time as well. They were a time for general announcements.

In the 1972 Conference document, "morning devotionals" were listed as one of Ramsey's responsibilities in his job description. The value of or need for these meetings each day were not challenged by anyone during his period.

E. Training

During this period there was a small attempt to reduce the need to train students. Clark explained that he saw an inverse relationship between job specialization and the amount of training needed and noted that this fit well with the use of student labour:

> It didn't take as long a time to train a person to do one operation so we broke down some of that more.... more broken down, more departmentalized so that by

> departmentalizing we were able to train the student workers to do a certain function where as they were operating on a wider function. While they in a sense learned more, of course they would do this over a period of time, but to come in and be efficient in the shortest space of time well then they had to be concentrated into a small learning segment. You could teach them how to build the arms of a sofa a lot faster than you could teach them to build a whole sofa.

This specialized training was not carried to the extent of placing students in particular jobs and keeping them there throughout their tenure in the Factory. As in the founding period, students continued to be progressively trained. During this period students tended to stay working at the Factory through all of their years of high school and perhaps even college, so the management felt it was worthwhile training them in the various departments. In spite of the steps toward specialized training, it was still very much a "training program":

> If you hired somebody new, you had to train them in the millroom, and the guy who moved from the millroom to framing you had to train him, and then the guy who was framing and moved up you had to, so it was train train train everywhere, and you know it's just you're always on a training program.

This interviewee, who was a foreman at the time, made a connection between this training and the educational *raison d'etre* values, in that he thought that the intention of this training was "to try and teach students a skill."

F. Compensation systems

During this period, there were few modifications to the compensation systems. The management continued on the denominational salary scale. This meant that managers were paid approximately the same as teachers in the College just as they had been during the founding period. For other full-time workers and students, the combination of hourly and piece-rate compensation also continued.

Piece-rate and other incentive wages were the focus of attention and debate during this period. Those in favor of piece-rate and incentive wages generally held sway during this period, because overall the piece-rate and incentive wages were elaborated at this time. The preparers of the "1967 consultants' report" (see Appendix A for a description) viewed these systems as good means of providing incentive to produce. They reflected the views of those who viewed the systems positively. In the section of their report, titled "Labour Remuneration", they recommended that "Piece Work basis [wages be used] wherever possible." They added:

> It being understood that workmanship meets quality control and if repairs or adjustments are necessary, it be done by the individual causing this situation without any expense to the factory.

They also recommended that truck drivers be "paid on a mileage basis." For the most part these recommendations were implemented. The truck drivers were put on a "mileage basis" and piece-rate wages were generally used wherever management believed it was possible to implement. In addition following the departure of Taves, a salesman was employed by the Factory and paid by commission.

There was opposition to these incentive systems. Those who viewed piece-rate and incentive systems negatively argued that they were inequitable and decreased motivation in the long-run. A common contention was that the wages paid to some piece-rate workers were disproportionately large. One student from the period told how he made "close to two dollars an hour" upholstering chairs at a time when the current hourly wage was 85 cents per hour. Larson told the following story about one piece-rate worker: "He liked doing piece work and ... his cheque would be bigger than mine and in fact many months I think it was bigger than President Novak's." Kennedy, who was a student at the time, confirmed the story: "The upholsterers were making more than the president of the college. It was causing some unrest on campus. Teachers were complaining and this type of thing."

One supervisor from the period did not favor piece-rate wages, because it was inequitable and decreased the student's desire to work without this financial incentive:

> The students that were working on contract could make so much more money than the ones that were on time. And the ones on time - a lot of them - worked every bit as hard for just a little bit compared to what the others were making. I always said that contract was the ruination of a good worker. Because when they tried to take them off of contract they hardly produced at all.... Before [when] there were no contracts they were good ..., and once they were on contract that was the end of it.

Clark attempted to correct the inequity problems associated with the piece-rate compensation system. He described it as a "very unwieldy system ... that was being abused." He did not favor piece-rate systems, because he believed that they made it difficult to control quality. To correct the system, he put everybody on an hourly wage. He reported that this action was "not very popular." He said they studied the "whole thing" for about six months and then began putting workers "back on a piece-rate basis, but on a more equitable basis." One foreman felt that Clark set the rates at a "much more reasonable" level than they had been before.

The Factory management in place at the end of this pivotal period was committed to incentive compensation systems. Kennedy was committed to implementing piece-rate wages wherever possible. He spoke highly of the system:

> You walk in to a place that is on piece work and walk into a place that's not, and you can just sense the difference or watch someone who's working on time verses someone who's on piece work. I mean piece work has its draw backs 'cause it's got quality control to contend with, but if you have that policed properly.

The most significant change during this period in the area of compensation was the introduction of profit-sharing. In early 1970 Larson persuaded (he described it as "uphill work") the College board to approve a profit sharing system. All workers (including students) shared in 10% of the profits (5% after $5,000 of profit). "Full-time and student workers" received one "share" for working between 250 and 499 hours and one "share" for each 250 hours thereafter. "Salaried supervisors" received one and a half "shares" for each increment of 250 hours worked. The board approved the plan on the condition that: "The ceiling, including profit-sharing bonuses, should not exceed the package-plan maximum plus benefits, as set forth in the [denominational] Wage Scale." The general manager did not participate in the profit-sharing. Larson exempted himself in order to convince the "powers that were above" that he was not self-serving when asking for this system.

This profit-sharing system was short-lived, because it was replaced by one proposed in the document produced at the 1972 Conference (see Appendix A for a description of the report). In this report, the following statement was made:

> In order to achieve these goals and objectives, it is going to take devotion of time

> and effort beyond that normally expected of employees. To gain this type of devotion, a plan will have to be devised by which the employees will be given an incentive.

The incentive they suggested was "the division of profits." Their plan yielded a larger proportion of profits to employees (30%) and management were to receive the largest share (two thirds of the employees' share). (The entire profit-sharing plan is shown in Table 5.1.) Students were not to be given a share of profits, but were to receive "retroactive wage increase[s], ... based on dependability and productivity."

Table 5.1 Profit-sharing plan proposed at the 1972 Conference

[The College] 70%
    50% Retained for Capital Expenditure
    20% Paid directly to the College

Non-management employees......................10%
    To be divided among non-student workers in accordance to rank and number of hours worked.

Management...................................20%
    To be divided equally among the management team.
    Student incentive is to be a retroactive wage increase, paid at the end of each semester and at the end of the summer, based on dependability and productivity.

G. Planning and control systems

During this period several issues surrounding planning and control surfaced. There was a general attempt to implement more controls in the form of budgets, goals, etc. Accounting systems and decision making processes were also seriously considered at this time. These systems are discussed in this section.

Early in this pivotal period, College personnel came to the realization that there was a general lack of planning (specifically budgeting) for the College and its enterprises. This realization is clear in the following statement included in the "1966 self-evaluation report" (see Appendix A for a description of this report):

> The planning of the budget for the institution by past administration has not been located by the present administration. The present financial situation might indicate that if a budget were prepared, it was not adhered to.

Clark, as new business manager for the College, told how he had to prepare a completely new budget with no previous budget to follow. He also told how when he sought an explanation for the "huge indebtedness" of the College, he found that buildings were being constructed with no "definite financial plan. They would just start building."

Other controls were implemented during this period. After failing to collect some customer accounts, Clark subscribed to Dunn and Bradstreet and checked the credit rating of potential customers prior to approving a line of credit for them. In addition: "No orders [were to] be extended to dealers if their account [was] 60 days old. New customers seeking credit [were to] be asked to personally guarantee accounts."

Clark also began setting production goals. To encourage employees to meet these goals, he "set up various indicators out in the plant to show" production records.

Accounting systems Within the Factory itself prior to this pivotal period, low-level members had the perception that management did not have a good understanding of what it cost the Factory to produce particular pieces of furniture. For example, one foreman remembers it this way:

> There was no cost accounting of any kind when Taves was there. A lot of the things were sold for less than it took to make it.... They were the smaller items really that were that way.... They were the ones that the dealers really wanted because they were so cheap and we made them by the thousands.

According to this foreman's recollection, product costing began after Clark became the general manager. Kennedy commented that: "There was really no product costing in place [during Black and Taves's period]. It was more by the seat of the pants type of thing." In a report to the College board several months after his arrival, Clark stated that:

> There has been a reorganization of production and cost methods in some of the industries.... Cost systems are being set up now at the factory and some preliminary findings are startling.

At this same board meeting the president also mentioned the costing systems in his report:

> You will be glad to know that this [cost accounting system] has been implemented and is in process of being developed to something related to efficiency. We have tentatively employed a cost accountant who is learning his trade from Mr. Clark. You will be glad to know that Mr. Matison in the factory has already put into effect analysis and costing so that we have a more accurate picture of what various items cost to produce.

Evidently progress in costing systems was made, because the consultants who wrote the "1967 consultants' report" (see Appendix A for a description) were convinced that the costing procedures did reflect "the true cost of production" at the time of their study.

The most significant change in systems during this period was a change allowing Factory personnel to set up their own accounting systems. One of the recommendations made in the "1967 consultants' report" was "to set up a complete set of records to be maintained by [the Factory] with banking privileges." As rationale for this proposal, the consultants added:

> By accepting this recommendation, we are of the opinion that this will encourage management in their control of expense as well as collection of Accounts Receivable and meeting their obligations in due time.

This recommendation was approved by the College board. Included with this approval, the Factory management were given powers to make cash disbursements necessary to carry on ordinary business and to make small capital expenditures (less than $25) without board approval.

Clark led in the implementation of the establishment of the separate accounting systems and bank accounts for the Factory. At the same time the Factory became responsible for its own financing of equipment purchases, leases, etc. Clark said this gave the Factory "a degree of independence." He elaborated on the reasons why he favoured this arrangement:

> In the college situation there's always an overhead that traditionally has been apportioned out to the various departments. And it's not really a figure that reflects the overhead cost of a certain business.... So what I was trying to do was to get it so that the college faced it's own responsibilities without being able to pass on educational overhead to this institution down here. Now of course part of the thinking on that ... [is] okay you keep the burden so that it's just at a break even and then if they get to the place where they are going to charge us income tax, ... then there's not much income to charge it on.... On the other hand they

> load this burden and then conversely, suddenly it has a little down turn and they're down on you 'cause you don't/.

In 1971, "a new statement format" was adopted to make it "similar to that being used by commercial companies to enable [decision makers] to compare various items on the financial statements."

Decision making During this pivotal period, there was some movement toward more independent decision making in the Factory. Clark claimed that while he was business manager of the College, he was instrumental in setting up a separate board for the Factory. He described it as follows:

> As I remember, we set up a separate, it was a division of the college board, but also with some extra people on it. It was actually a managing board for the Factory.... [It] was composed of vice chairman of the board and largely composed of the board finance committee plus as I remember some business representatives or something; people that had an interest and so forth and were knowledgeable of the local situation.

He described this action as being "perhaps at that time ... a little radical in thinking." In spite of this clear description, it is doubtful that such a board was set up at the time. (He was business manager from mid-1966 to mid-1967.) I can find no other evidence to support the existence of this separate Factory board during this time period. There is no mention of the establishment of this board or any recommendations from it in the College board minutes.

However, shortly after Clark's departure and perhaps following his recommendation, a committee closely resembling his description was set up. In March, 1970 an "Industrial Advisory Committee" was set up "to study future development of [the College] industrially." This committee was comprised of business people from various parts of Western Canada who were members of the Church. It met once and made three recommendations:

> 1. That in all phases of the three industries hold the line on spending as regards expansion, pending further development in the economics of the country at large, and a report on accreditation for [the College].
> 2. The expansion and development of the three industries be discussed further after the close of the fiscal year ..., when a full financial statement would be available for study.

3. That each committee member receive a monthly financial statement from the three industries.

In November, 1970 a College board motion was passed to "furnish complete monthly statements to the members of the Industrial Advisory Committee", and seven people (six of the seven were the same as the original committee) were appointed to serve on the committee for the 1970-1971 fiscal year. However, no mention in the board minutes is made of this committee again. It evidently never became very active, because Larson, the general manager of the Factory at the time the committee was appointed, did not remember that it ever existed. Also, Kennedy, general manager following Larson, stated that there was no separate Factory board while he was general manager.

The movement to independence in decision making was small. In actuality it could be described as a failed attempt at moving to independence. During this period the College board and administration continued to be very closely involved in decision making on matters pertaining to the Factory. Hiring and firing of personnel continued to be the prerogative of the College board for salaried personnel and the prerogative of the College administration for hourly and student workers. The College board continued to make Factory decisions regarding "large" (over $25) capital purchases.

Kennedy reported that when he first returned to the Factory as a top manager, the president of the College:

> was very very involved and hand-cuffed the industries. If you wanted to give an employee a 10 cent an hour raise, you had to run it before the finance committee at the College. It was very very, it really hampered operations.

5.3 Organizational performance evaluation mechanisms

The financial statements prepared for this period continued to include a breakdown of the student and non-student wages and salaries. Reports made to College students and constituents reveal what the Factory management and College administration believed to be important indicators of success. The January 25, 1968 edition of the student paper reported sales (total monthly sales and to-date comparisons with the previous year) and number of employees (total, number of students and number of full-time). The September

26, 1968 edition reported the increase in student labour over the previous year, the projected number of student jobs for the year and the projected total wages to students for the year. These examples showing a combination of financial data and student employment data are typical of the period.

There is some evidence to suggest that administrators tended to focus on financial evaluation and neglect evaluation of contribution to student employment during times of financial hardship. For example, the business manager's report at the October, 1966 College board meeting included no mention of any of the College's enterprises providing work for students, while in the same report he addressed many issues of a financial nature. This was the time when the crisis of the period was perceived most keenly for both the College and the Factory. Another example of this lack of concern for student employment contribution occurred in February, 1971. The president, in his report to the board, opened his report by saying that "the basic message of [his] report [was] to concede that the recession [had] caught up with [the] financial operations" of the College. In his report he stated that the Factory was "one of the main causes for concern." In this report there was no mention of student labour. Attention was focused solely on financial matters. These examples do not provide sufficient evidence to be conclusive, but rather they are indicative of a possible tendency. As a counter example, when the board threatened to close the Factory and Clark stood and defended it, there were two things that convinced the board to reconsider: the loss was much smaller than the previous year and "the amount of student labour that was provided."

Larson reported several factors he focused on to determine the success of the Factory. He listed these factors in this order: production volume comparison to previous year, cost of production, quality of furniture, reputation of the Factory, and the amount of student labour.

Growth was becoming a more commonly reported indicator of success. For example, when I asked what significant or important things had happened during his tenure, Ramsey responded: "To see it grow.... When we ... got there, you know, it was just standing still, you know. It was just putting the work for the students, you know, just breaking even."

5.4 Emergent or prescribed nature of organizational design and performance evaluation mechanisms

During this period prescribed changes in organizational design occurred more frequently. The following are examples of prescribed changes: name change, more elaborate management structure, increased use of incentive compensation, higher level of formalization, increased planning and control, separate accounting systems, and the attempted separate board. There are fewer examples of emergent changes: separate socializing, growth as an indicator of success, reduced training, scheduling of work and classes conflicts, and reduced student/non-student employees ratio. It is not clear whether the higher level of specialization was emergent or prescribed. There was one example described above where two first-line workers claimed to have set up their own assembly line. This is the only example found in this case thus far where lower-level workers emergently introduced organizational design changes. It is interesting to note that this did occur around the same time that members of top management claimed to value increased specialization. I can only speculate about the interaction of this emergent activity and management values, because data are not clear. The anecdote was provided by an interviewee who was not clear on details. No other archival data exists to support the interviewee's report, and to identify chronological ordering of values.

The conceptual framework (see Chapter 2) suggesting emergent changes based on lower-level member values and prescribed changes based on top-level member values does not hold during this period. Virtually all changes, emergent and prescribed, were based on top managers' values.

5.5 Context: Environment and performance

Two aspects of the environment surfaced as salient during this pivotal period: the constituent environment and the industry and economic environment.

Constituent environment In the constituency of the College, there were some changes in the value that students and parents of students placed on work. Clark observed that some parents wanted their children to have an easier time in getting their education than they had themselves. Referring to one parent: "They were saying, 'you know how hard I worked when I was going to school. I just don't want my child to have to work that hard.'" Students were looking to other options to pay their way through school. Clark felt that students were turning more to debt financing their tuition rather than working their way through. He said that the first year he was business manager he successfully convinced the government student loan administration that the students of the College should qualify for student loans, thus opening this option up for students. He felt this changed students' values regarding work opportunities at the College:

> The availability of loans and grants and this type of thing ... changed the emphasis on the part of students of wanting to work.... When funds became more readily available there was more of a tendency to say they wanted to work say 10 hours a week rather than 20 hours a week and there was less importance. It was easier to make the decision to work and play baseball whereas before you didn't dare hazard your job because you had to have it the next day.

Industry and economic environment Participants from this period began to see the industry environment as impinging Factory operations to a greater extent than had been the case during the founding period. Matison, a general manager in the early part of the period, perceived a change to a more competitive environment. He said:

> More and more factories started up [so] you had to be able to produce that sofa for X number of dollars. And if people were going to stay in the business and grow with the business, we had to be competitive. And we couldn't be competitive unless we could make it quicker and more efficiently.

Clark shared this perception:

> It started out just as a little shop and they were producing this and it was growing and to break over into a larger market share which was necessary to maintain a profitability level and remain competitive, well, then we had to develop ways of producing it faster and cheaper.

According to Matison's understanding of the environment, this increased competition made it necessary to "hire more and more full time people and ... they could no longer work the students coming two hours and leaving. You had to go to a larger block of time for them."

As the Factory increased in size, there was a change in the acceptance by competitors and customers of the Factory's unusual mission and ownership. Clark perceived that competitors became more sensitive to the fact that the Factory received preferential tax treatment. He reported that by 1968, it had become one of the largest three or four furniture factories in Western Canada. While the Factory was small, "competitors ignored it 'cause it was going for a worthy cause", but as it became a more significant competitive threat, this attitude changed.

Some managers, who stayed with the Factory through the following two pivotal periods, still looked back at the environment of this period as being relatively benevolent. One foreman viewed the environment of this period as follows: "At the time like in the '70s even in well mostly in the '60s and '70s you could sell all the furniture you could make. There was never a shortage of orders."

Participants blamed the economy for financial problems in 1966-67 and again in 1970-71. The economy was mentioned as significantly impacting the Factory more during this period than had been the case in references to the founding period.

5.6 Analysis, summary and conclusions

In this section I address the same questions addressed in the previous chapter regarding the founding period: the hierarchical nature of the salient values, the embodiment of salient values in organizational design, and the chronological ordering of salient values and organizational design. In addition I make comparisons between the first two periods of study and begin to explain changes in values and organizational design. Therefore, in addition to addressing the above questions I will address questions regarding change: changes in salient values and organizational design, explanation of changes in salient values and organizational design, and chronological ordering of change. I will begin by highlighting changes in salient values and organizational design and sources and causes of change in these elements.

A. Changes in salient values and organizational design

***Raison d'etre* values: P_0 compared with P_1** Substantively, the *raison d'etre* values were unchanged from P_0 to P_1. Still present were the founding values of providing work for students for both educational and economic reasons and the desire to avoid losses and gladly accept any realized profits. Changes in the *raison d'etre* values had to do with strength of commitment, sharedness, and the power of the value holders. Generally the educational values of providing work opportunities for students were not held with as much commitment strength during P_1 as compared to P_0. Nor were they as widely shared. The desire for profit was held with stronger commitment. These changes in commitment and sharedness of values are largely explained by changes in membership. There is no indication that continuously present participants changed their values or commitment to values. Changes happened because people like Ivan Kingdom, who was very powerful and believed extremely strongly in educational values, departed; and powerful people like Clark and Kennedy, who had been trained in business schools, arrived. Their business education caused them to see business as something different from education. That is, their indoctrination into the business world led them to see business as something done primarily for profit.

If the change was caused by change of personnel, an important question arises: Why were individuals with different values selected? There are at least four possible explanations. The first three possible explanations are based on the presumption that the key decision makers (i.e., the College board members) strongly held educational values for providing work during the founding period. The first possibility is that the poor performance of the Factory and the College caused them to set aside their educational values and to select managers with business qualifications rather than educational qualifications. The minimal desire for a break-even level of profitability was not being met and they believed that business qualifications were needed more than educational qualifications. The second possibility is that the initial values had decayed among decision makers (i.e., board members). They no longer strongly held the desire for labour provision for educational purposes. The third possible explanation is that decision makers made mistakes. That is, they sought recruits with similar values, but made incorrect selections. The fourth possibility is that the decision makers never did hold the values with as much commitment strength as the founders themselves. As a result when the founders departed, there was no will to select managers with similar values.

The most likely correct explanation is a combination of the above possible explanations. The key decision makers held the educational values but never with as much commitment strength as Kingdom. Their commitment probably did wane somewhat as a result of the change in constituency values. The constituency no longer valued student labour for educational purposes as much as it had previously, and this was likely reflected on the board. I have provided evidence to support this contention in section 5.5 above. The board members tended to be more focused on the financial success of the Factory, so they were probably quick to insist on breakeven and focus on this desire when it was not being fulfilled. Finally, in their selection of personnel, it would not be possible for them to select people with values exactly as they wanted. There will always be at least some deviation from their ideal expectations.

Even though there is no specific evidence that continuously present participants changed their values, it is possible that there was a subtle change in the strength of commitment with which particular members held values. The available evidence may not show this change because of distortions in participant memories and in their presentation of values both in interviews and in archival documents that they produced. Changes in organizational design elements are one possible cause of changes in commitment to values. There is evidence that the desire for profit by some of the management may have been strengthened by the introduction of the profit-sharing system. This system was introduced in the pursuit of fairness without regard for its impact on employees' value systems. That is to say, it was not introduced to satisfy one of the central *raison d'etre* values, but it may have reacted by affecting these values held by some of the members.

Salient values pertaining to the organization's principal and constraining types of activities: P_0 compared with P_1 Domain, evaluation and organizing values pertaining to P_1 were not expressed much by interviewees nor were they found often in archival documents. Three salient values of these types were found: desire to focus on larger customers (domain value), desire to separate from the College (organizing principles value) and desire to be more formalized and business-like (organizing principles value). The most outstanding change from period P_0 to P_1 was the change from a desire to organize as an integral part of the College to the desire to separate from the College.

For the other values pertaining to organizational activity, it is more difficult to specify clearly the degree of change or even if change had occurred. For the other P_0 values (besides organizing as an integral part of the College) an important question arises: did participants continue to hold founding values without expressing them or were they now absent? Specifically, did members continue to desire to produce labour intensive products, to recruit students for all first-line positions and to measure success by student development? It is tempting to suggest that organizational design elements imply particular values even though they were not explicitly stated. For example, the fact that Factory management continued to calculate student employment and often report these data along with financial data seems to imply that student employment measures of success continued to be valued. However, this contention does not allow for the possibility that these elements had merely taken on a life of their own, and thus they no longer embodied the values of the members.

In this case, I argue that these values had waned as opposed to being strongly held but taken-for-granted. The desire to produce labour intensive products, to recruit students, and to measure success by student development fit best with the desire to provide work for students for educational reasons. I have established that this value had waned, so it is likely that these other values pertaining to organizational activities had also waned. My argument is that because the desire to provide work for students had waned to some degree since the founding, it is possible that the desire to measure success by student development was weak or not held at all.

B. Hierarchical nature of the salient values

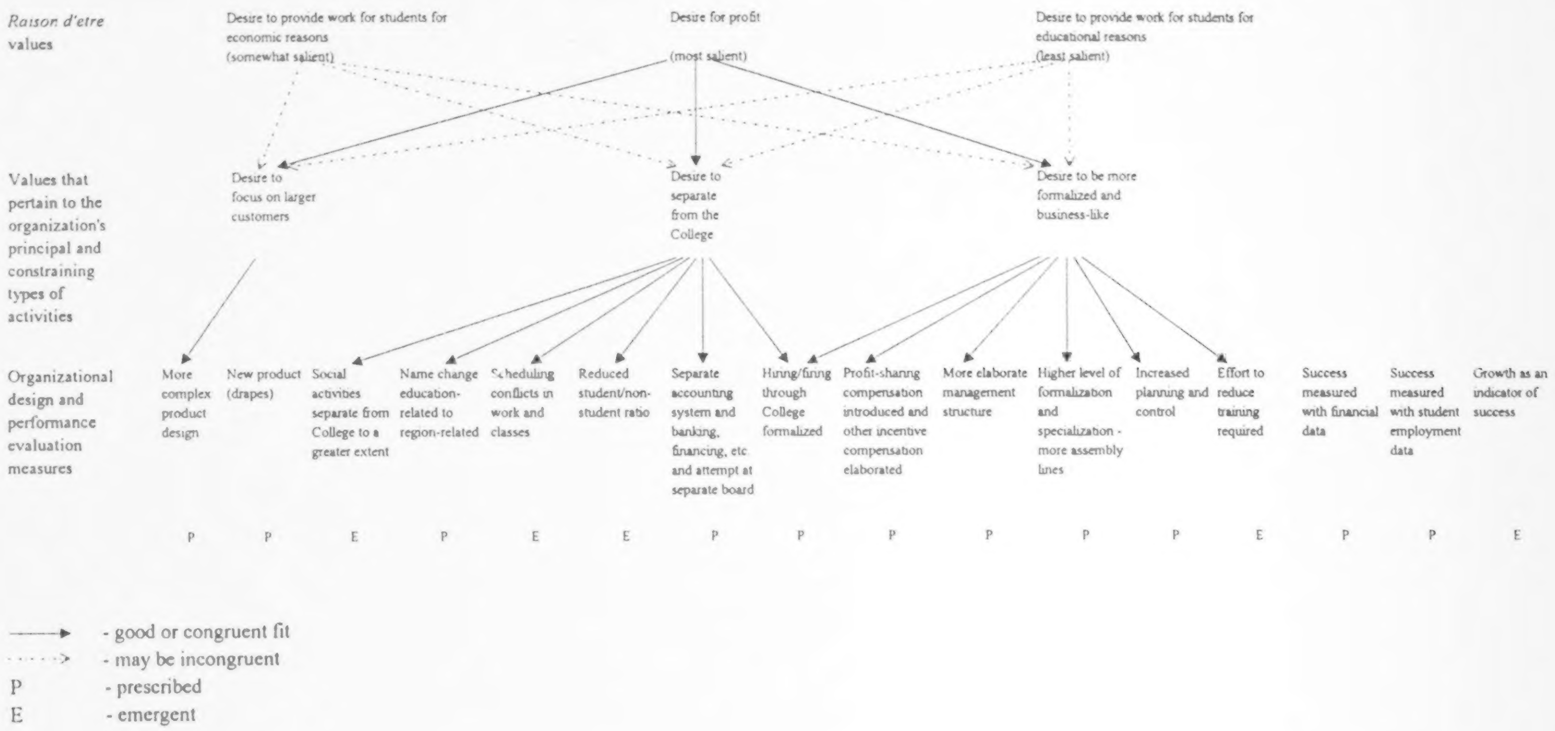
During the founding period the most congruent hierarchical ties between first and second level values involved the *raison d'etre* value of providing work for students for educational reasons and least congruently the *raison d'etre* value of seeking profit. For this pivotal period the reverse is the case. (Figure 5.4 shows the relationship between *raison d'etre* values and organizational activity values in the first two levels of the figure.) All of the salient values expressed by participants pertaining to the Factory's principal and constraining types of activities were congruent with the *raison d'etre* value of seeking profit. All may in some circumstances be incongruent with the educational values of providing work for students.

If, as I suggest, there was a *raison d'etre* value shift from providing work for students for educational reasons to one of seeking profit, then the logically hierarchical nature of salient values continues to hold for the most strongly held values.

C. The embodiment of salient values in organizational design and performance evaluation mechanisms

There are logical connections between salient values and the organizational design elements in place during this period. (The second and third levels of Figure 5.4 show these connections.) This is particularly true of the new design elements. Many of the changes in design reflect the desire to separate from the College. For example, the name change, separate accounting systems and banking and financing, the attempt at a separate board, and the separate socializing are fulfillments of this desire. Many of the design changes reflect the increased strength of the *raison d'etre* value of seeking profit. For example, the motivation for the introduction of the drapes as a product line was based almost entirely on the desire for profit. The changes in compensation (i.e., increased use of incentive compensation, including profit-sharing) is most congruent with the desire for profit. However, it is also congruent with the desire to provide work for students for economic reasons and not incongruent with educational values. The higher levels of specialization and formalization and the resultant decreased need to train were based on profit motive values. Finally, the reduced student/non-student employee ratio was prompted largely by the desire to return a profit.

Figure 5.4 Hierarchy of values and embodiment of values in organizational design and performance evaluation measures for pivotal period P_1


Raison d'etre values
Desire to provide work for students for economic reasons (somewhat salient)
Desire for profit (most salient)
Desire to provide work for students for educational reasons (least salient)
Values that pertain to the organization's principal and constraining types of activities
Desire to focus on larger customers
Desire to separate from the College
Desire to be more formalized and business-like
Organizational design and performance evaluation measures
More complex product design
New product (drapes)
Social activities separate from College to a greater extent
Name change education-related to region-related
Scheduling conflicts in work and classes
Reduced student/non-student ratio
Separate accounting system and banking, financing, etc and attempt at separate board
Hiring/firing through College formalized
Profit-sharing compensation introduced and other incentive compensation elaborated
More elaborate management structure
Higher level of formalization and specialization - more assembly lines
Increased planning and control
Effort to reduce training required
Success measured with financial data
Success measured with student employment data
Growth as an indicator of success
P
P
E
P
E
E
P
P
P
P
P
P
E
P
P
E
- good or congruent fit
- may be incongruent
P - prescribed
E - emergent

The desire to increase student employees relative to full-time employees that occurred during this period is apparently consistent with the *raison d'etre* value of providing student employment. However, there is indication that this action was prompted by the desire for profit in that the archival evidence suggests that it was motivated by a desire to cut costs. A May 27, 1968 board action set up a "special committee ... to study the feasibility of controlling ... expenses by eliminating full-time staff where possible." The wording of the action:

> Moved to authorize the chairman to appoint a committee to study the minimum number of staff required to secure optimum efficiency in all departments of the college, including the industries with a view to effecting maximum economy of operation.

The committee to study this issue did not reach agreement. The majority report of the committee was presented orally at a board meeting in June; there was no report attached with the board minutes. However, the disagreement among the committee members is clearly evident in a minority report prepared by the College president and his financial assistant. These two administrators were pushing for reduction of full-time staff. In their report, they suggested cutting several teaching positions, terminating one full-time worker on the farm, not hiring a new full-time employee in the press, and reducing the maintenance staff. Evidently, an argument had been put forth that student employment was down due to poor class scheduling, because they counter-argued with the following:

> The arrangement of the daily class schedule has been no worse than in previous years, but the percentage of student labor has dropped. The timetable is being compressed for the coming school year, but there is no assurance of a major increase in student labor.

It seems that this minority committee held sway, because the farm employee was terminated (the board action that effected his termination said it was done "as an economy measure"), the hiring of a new press employee was made conditional on the termination of one other full-time employee by September, 1968, and it was voted to: "approve the previously expressed policy of cutting down the full-time staff in the College Press and substituting student labor."

A rather peculiar situation emerged, because during this same year (one month later) the board voted: "To set up in the budget a Worthy Working Student Fund to assist those industries who provide work for students whose services are not of benefit to the industries." This is rather puzzling. If, on the one hand, they were reducing full-time workers and increasing student workers as an "economy measure", they must have believed that students' labour was more economical than non-student labour. On the other hand, if they believed this, it doesn't make sense to set up this Worthy Working Student Fund that was, in essence, for non-productive student workers. It suggests a peculiar situation in which the management of the enterprises believed that it was fallacious to consider students more economical than non-students, and based on this belief convinced the board that this fund was reasonable and necessary to justify hiring more students. As noted above, all managers were in agreement that students were generally not as cost effective. Therefore, even though there was confusion at the time, it appears that profit considerations tended to be taken into consideration much more during this period than had been the case during the founding period.

D. The chronological ordering of salient values and organizational design

Most changes in organizational design were clearly led by changed values. As noted in the previous section, the most significant changes in organizational design flowed from the desire to separate from the College and the desire to be more business-like and earn a profit. Also noted above, these values were clearly introduced or strengthened with the arrival of new members, and waning values were held by those departing. The chronological ordering goes as follows: new members hold new values or new commitments to previous values and they introduce organizational design elements consistent with their value positions.

One possible exception is significant during this period. The hiring of parents and spouses of students was a design element not consonant with the educational values of providing work for students. There are no data to substantiate the chronological ordering of values and design for this phenomenon. Evidence of the presence of these workers is found in the data before evidence of values that may underpin their hiring. It is not possible to determine whether this hiring resulted from a waning of the educational values, or if it resulted from either necessity (i.e., due to a shortage of employees) or a desire for efficiency. It seems likely that the former is the correct explanation, because there is other evidence that the educational values were waning before this time.

E. Conclusions

The changes that occurred during the pivotal period P_1 significantly followed the pattern suggested in this study's conceptual framework (see chapter 2). Values waned such that they no longer supported the organizational design and performance evaluation mechanisms. Another way to state this is to say that the inertial and resistance to change forces weakened, allowing change forces to powerfully affect outcomes. At the same time, according to member interpretations, other environmental and contextual factors signaled a need for change. The poor performance during the period prompted decision makers to place new managers with somewhat different values in key positions. The saliency shifts in values became embodied in the design elements.

An interesting point can be made about the nature of the changes in values. In the conceptual framework I did not explicitly state that a new set of values and design would emerge during a change period, but I implied it. However, the shifts in values were shifts in commitment strength rather than in the values themselves. All salient values remained in the organization. Only their saliency strength changed.

CHAPTER 6

P_2 - Key Member Change, Change in Ownership and Financial Crisis

6.0 General description of the period

As was the case in period P_1, both defining aspects of a pivotal period apply to this period (i.e., managerial succession or other changes in key individuals and perceived crisis). There were significant events and perceptions which support the contention that the period from 1983 to 1987 is a pivotal period in the history of the Factory. First, after ten years of virtually no change in Factory top management, there was significant turnover in these positions during this period. A manager of a similar enterprise at one of the Church's sister colleges noted that "they [the Factory] went through some traumatic experiences. They were changing managers like dirty underwear. They were trying to stabilize it." There were also changes in key members outside the Factory when the ownership of the Factory changed from the College to joint ownership by the provincial and national conferences of the Church. Second, this period was plagued with poor financial performance which led decision makers to question the wisdom of continuing to operate the Factory. Therefore, based on the members' perceptions, the financial situation during this period fits the definition of a perceived crisis.

The beginning of pivotal period P_2 is marked by the departure of Irvine Kennedy, who had been the general manager for eleven years. He was transferred to another position in the College in the spring of 1983. The action of the board enacting this transfer was communicated to Kennedy's successor before being communicated to him, and it came as a devastating shock to him. When I asked him to explain his departure, this is how he tells what happened:

> I was fired.... We were having huge losses. Basically if you look at it, it was basically if you took the interest charges out of there we were floating but it's just with the high interest we got so spiraled down, so deep that we just couldn't keep up with the interest. And the decision was made [by the College board] to change management.... It was interesting. I found out from the local real estate agent that I was being fired. No one told me, and the new guy coming in was looking for a house and told him he was going to be manager of the furniture factory. And it so

> happened that we were shopping for a house at the same time, and he asked me what I was going to be doing.... It was pretty devastating.

The year prior to Kennedy's departure from the Factory, Ramsey left due to health problems caused by fumes and dust in the Factory. Chris Hendrick became the new design manager. When Tom Green, the new general manager, came, Matison was demoted from the sales manager position to sales representative. Of the group of top managers who had managed together for more than a decade, only Ian Jackson remained throughout this period, but he was "let go" shortly after the period ended in 1987.

In spring, 1983, Tom Green became the general manager following Kennedy. Green accepted the offer quite reluctantly. He said: "Harry White [College financial VP] had asked me several times to go down, and over six months I had said 'no' several times", because he did not see it as "a win-win situation." There was some confusion about what exactly his position was to be when he entered the Factory. The board "called" him to "serve as general manager" and later "confirmed" him as "manager." In Kennedy's final report to the board, he referred to Green "coming in as General Manager." However, in our interview Green stated that because his area of experience and expertise in previous positions in other organizations was marketing, he "wanted to go down there as a general sales manager and that was the title used initially." Matison understood that Green accepted the general management position with the condition that he also be given the sales management position. Hendrick remembered it this way:

> It was a screwed up thing.... White was trying to be the business manager up here [the College] and be the general manager down there [the Factory].... I guess Green came on the scene as a marketing. I don't know.... White was there a month or something and then Green was at the head of the program.... All of a sudden he was in charge of everything. He was in charge of R&D, in charge of production, in charge of sales, in charge of the whole plant.

Clearly, there was a lack of clarity regarding the role that Green was to assume at the time of entering the Factory. Within a short time (approximately one month), it did become clear that he was the general manager and sales manager.

In May, 1984, the general management position again became unclear. The College president in an "administration proposal" for the Factory (see Appendix A for more detail about the purpose of this report, which is referred to as "1984 College administration proposal") recommended that White "serve for an unspecified period of time as Trustee/Controller of [the Factory] charged with the responsibility of implementing programs that will satisfactorily resolve questions and concerns." In a memo written to the Factory operating board on the same date as this proposal, the president stated that White's responsibilities were being "rescheduled" so that he could "serve as a trustee controller and management overseer of [the Factory]." This arrangement was to continue "until such time that the operations of [the Factory] were well on the road to recovery or until the Board took definitive action as to the status of the future operations of [the Factory]." This recommendation was accepted by the Factory board and the College board. In August, 1984, Green was clearly removed from the general management position. He was given "the title of General Manager of Sales and Marketing."

During his Factory tenure, Green was not well liked by most Factory employees. Several interviewees attributed the weak financial state of the Factory to Green's lack of control in spending. Green agreed that his marketing perspective caused him to have "a tendency to spend money." The disdain which the employees held for Green eventually caused them to "revolt." A group of Factory employees (mostly office staff, middle and first line managers) met together and then later met with the board in an attempt to oust him. This group of Factory members explained to the board the areas they felt Green was performing poorly and they threatened to resign *en masse* if Green was not fired. Green capitulated and departed.

Another individual who significantly influenced activity in the Factory entered the scene concurrently with Green: Carl Henderson-Feris. Henderson-Feris owned the company that employed Green prior to his Factory tenure. Green described Henderson-Feris as one of his "mentors." Green was impressed with and heavily influenced by the opinions of Henderson-Feris, so he convinced the board to "engage [him] as a consultant for [the Factory] for a one-week study of the industry" (the report that resulted from the study is referred to as the "1984 Henderson-Feris report" in Appendix A, where more detail about the report's purpose is provided). When a Factory operating board was set up as a committee of the College board in April, 1984, Henderson-Feris was asked "for a proposal to act as consultant based on two days a month for a maximum fee of $50,000 per annum [and] to also ... serve as [an operating] board member."

Following Green's departure, White continued his temporary positioning as general manager. He held this position concurrently with his position as vice president of finance for the College. His impact was not considered significant by other Factory members. He recognized himself that neither manufacturing nor management were within his area of expertise.

Warren Whitehead was "appointed" the manager of the Factory in the fall of 1985. Like White, Whitehead was not viewed as a powerfully influential general manager. One interviewee, who was a middle manager at the time, described both Whitehead and White as "soft spoken managers that maybe didn't really ruffle the waters." Another interviewee described Whitehead as a "puppet." Most interviewees saw Whitehead as "a very nice guy" who was not given the opportunity (due to the brevity of his tenure) to implement any of his ideas.

The next change in the general management position coincided with a change in the ownership structure of the Factory in mid-1986. The Factory along with several other enterprises owned by the College were transferred to the ownership of a holding company (referred to here as "Holdco") which was owned by the Church's provincial and national conferences. Steve Inglis was appointed president of Holdco. His own presence led Inglis to believe that Whitehead was redundant. In the fall, 1986 Whitehead was asked "to tender his resignation, and if he [did] not voluntarily cooperate... steps [were to] be taken to initiate a termination." Whitehead did tender his resignation and left almost immediately.

The Holdco board officially "hired [Steve Inglis] as the manager" of the Factory in October, 1986. Inglis's contribution to the organization was to effect the institution of Holdco and the transfer of ownership of the College's enterprises to Holdco. He was never very heavily involved in the direct management of the Factory. In September, 1986, he invited Shaun Thomson to study the Factory as a consultant "to determine viability, then find problems and recommend solutions." Then in January, 1987, Thomson accepted an offer to become the Factory's plant manager. Thomson was promoted to general manager in September, 1987. This promotion marks the end of the period of extensive turnover of top management, and therefore the end of the pivotal period.

The final factor that marks this period as pivotal is the perception of financial crisis. It is difficult to establish exactly when members began to view the financial situation as a crisis. The construction and move into a new factory building in 1980 was reported by virtually every interviewed member to be a very significant event and as a contributing factor causing the financial problems of the period. Therefore, it is tempting to date the first perception of financial crisis at the time of the new building and, therefore, the beginning of the third pivotal period (P_2). However, this is a retrospective reconstruction on the part of the members. My data search revealed nobody who believed at the time the building was in the planning stages or even for a short period following its completion that a new factory building would cause financial problems. Only after serious financial problems were perceived did the members point to the building of the new plant as a contributing factor.

It is important to consider the building of the new plant, because while it is not a pivotal event according to the definition used in this study, according to member attributions, it significantly contributed to the crisis that occurred several years later. The first serious intention to build a new plant was put forth in 1974 when the College board "Voted that the chair appoint a committee of five to study the situation, and to investigate ways and means of financing construction of new facilities for [the Factory]." This committee recommended that a new building be constructed. Several delays followed, but construction was approved in May, 1978 and commenced in September, 1978.

Approval was given by the board for "the construction of a furniture factory building at a cost of approximately one million dollars." Irvine Kennedy, general manager at the time, explained the decision process:

> In '78 we got approval to go ahead. I did do five year proforma income

> statements and cash flow projections based on a million dollar building, based on financing at 11% which at that time we could have locked in at 10.5%. We had a firm offer from a contractor to put up a building, for a million dollars. However the college decided to go with a project manager of their own and not to lock in financing. Also in my projection I showed that we had to have an additional $700,000 of injected capital which was clearly outlined to the board. That is the proposal they accepted. Number one, they went with a project manager and we ended up costing 1.3 million for our building. It took a year longer than anticipated so we paid interest all during that time. They went with floating interest and interest zoomed up as high as we were paying as high as 24.5% at one point. We did not get any injected capital. We got, they allowed us to borrow, but there was no injected capital.... Those three things caused us just to spiral into debt. It was unbelievable at that point.

Factory members believed that the Church's national conference had committed itself to provide the $700,000 over the five year period after the new building was constructed. However, this commitment was not well understood or accepted by both sides. White explains what he thought happened:

> The factory came along and said we need a new building. And the college board undertook to provide the building and in the operating budget they indicated that there would be a short fall and nobody addressed this as to where it was going to come from. I went back and looked at the projections and the projections were that there would be operating losses. And yet it didn't seem like anybody had addressed as to where the money was going to come from to cover.

In early 1980 the board extended permission to borrow "an additional one million dollars" "to complete the building project and to provide the necessary working capital for the expanded operation." In this board action, the board members "further recommended that as soon as legislation is passed officially enabling the college to develop three and four-year academic degree programs, that appropriations be made available from development funds to reduce the loan to a size more compatible to the business."

There were indications of financial problems almost immediately following completion of the new building. There was a loss for the year ended June 30, 1980. However, the seriousness of the loss was mitigated by attributing it to moving and set-up costs accumulated with the move into the new plant. The "[Factory] Operations Report" presented to the College board for the year ended June 30, 1980 concluded optimistically with the statement: "We are encouraged with the prospects for the future." There was no perception of crisis at this time.

The first indications that key members were becoming seriously concerned about the financial affairs of the Factory began approximately two years later. On March 4, 1982, the board voted to enlist the services of a consulting firm from North Carolina, Ross Associates, Inc., "to improve productivity and increase efficiency at [the Factory]." (This report is referred to as the "1982 Ross Associates report" in Appendix A). This indicates that they were becoming concerned about the financial performance of the Factory at this time. Also at this same board meeting the business manager pointed out that the Factory "faced ... a slow down in sales and increasing losses." In spite of this observation, the report had a hopeful tone to it.

At this time in 1982, there is evidence that the key members were faced with financial problems leading them to begin to question the viability of continuing the operation of the Factory. The Ross Associates consultants concluded that closure should be considered:

> This is not an easy task [to virtually double sales volume concurrently with upward price adjustments], and if it is not accepted as attainable, then [the Factory] should consider liquidating the assets or utilizing them for some purpose other than upholstered furniture.

The decision makers resisted accepting the possibility of closure. White, the College vice president for financial affairs, reported to the board that:

> The bank has questioned the advisability of continuing ... [the Factory] in light of recent losses. However, if [it is] shut-down, [we] have to consider loss of employment to students, losses on disposal of assets and inventory, and also losses to the college in lost rent and continuing expenses of ... $579,380. The primary goals, (sic) is to at least reduce their operating losses to below shut-down losses.

This same defense was offered to a broader cross-section of College constituents in October, 1982 at a "president's leadership consultation" meeting. At a board meeting following this meeting with constituents, the president described the meeting as an "invitational conference" "held for the purpose of fostering two-way communication between the college and the constituency." The closure possibility was a view from outside (i.e., the bank and consultants) that the members were willing to resist rather than accept at this time. Also by comparing shut-down costs with the projected loss of one year into the future, the decision makers were implicitly suggesting that the loss situation was temporary and would likely be reversed within a year.

At this time the employees did fear closure. One foreman from the period recalls the "workers" calling a "meeting one morning before [going] to work." This meeting involved a group of employees, who perceived that the Factory was in a "turmoil" and that it could close at any time leaving them without jobs. They prepared several recommendations for management outlining "overall improvement of the factory operation" in a report which I refer to as the "1982 Employees' report" in Appendix A. Another employee who began working in 1983 and continued until 1986 confirmed that a fear of closure did exist among employees:

> Right from the time I came, there was just a big heavy weight hanging over the organization. 'Well we'll be able to operate for another 90 days and then we'll have to close.'

By the spring of 1984, several statements in the College board minutes confirm that the threat of closure of the Factory was perceived to be real by key members. On July 12, 1984, a motion was passed

> to immediately convene an emergency meeting of the [Factory] Operating Board, with Mr. Kiel West [general manager of a similar factory at a sister college of the Church] invited, for the purpose of studying all options that may be available to save the operations of the factory, (including a change in management, a change of ownership, possible refinancing, availability of export markets, etc., etc.) and for the purpose of presenting recommendations re future operations or closure to the full board.

At the operating board meeting on July 17, 1984, it was voted "to recommend to the Executive Board that the decision to close [the Factory] be deferred for a period of three months." In this and other Operating board meetings during 1984, many drastic measures were taken to curtail costs and increase revenue. On August 6, 1984 it was "Voted to promote a constituency-wide day of fasting and prayer on behalf of the Factory." In spite of all of these indications of grave concern, in November, 1984 the full board passed a motion "to continue the operations of [the Factory]."

The perception of crisis continued into 1985. In early 1985 a committee was set up to review the operations of the College's enterprises. This committee prepared a report which I refer to as the "1985 Industry review committee report" in Appendix A. Their conclusion:

> The committee believes that band-aid solutions for the problems at [the Factory and the other two enterprises] have been tried over several years. It is time to face the facts as their economic viability is in doubt. In order to address 'the larger question' the committee believes that the first thrust of the board should be to inject capital into the institution in order to buy time. Regardless of the outcome of future decision, the current debts are a reality and must be paid. The economic viability of the industries should then be studied.

White noted an almost continuous threat of closure during his tenure from 1983-1985: "The board would talk about 'should we shut down?' and I would argue long and hard that we had the potential to be able to do it."

The perception of financial crisis had not abated at the time ownership was transferred to Holdco. When Steve Inglis entered the picture as Holdco president, he reported that "the financial situation [had] eroded ... [and] the erosion was happening at the rate of about 100,000 a month." He said that in his initial discussions with the bank in mid-1986, he was informed that the bank was "ready to pull the plug." Indications of perceptions of financial crisis persisted into 1987 when on April 30, 1987, the following message was included in the management committee minutes:

> SURVIVAL CRISIS: Due to certain circumstances, paychecks will not be issued today until at least 4 p.m. We have an overdraft at the bank.... By the afternoon, another deposit was able to be made to cover the payroll and federal sales tax cheque due today. All staff were advised of this answer to prayer and a praise meeting was held. The Lord is truly still leading!

As was the case in the previous pivotal period, problems experienced by the College during this period further exacerbated the perceptions of crisis regarding the Factory. In April, 1985 a "College review committee" (see Appendix A for a description of the committee's report) was appointed to review all aspects of the College including the effect that the College's enterprises had on the operation of the College. In its report this ad hoc committee stated the following: "The future of [the College] is in doubt and is to be seriously questioned unless an immediate turn-around is perceived and a comprehensive effort initiated." The committee noted the debt of the College as a significant problem:

> The college has existing obligations totaling nearly seven million dollars. This is an inordinate debt load, given the size and magnitude of the college and its financial resources.

It attributed a portion of the College's financial problems to the Factory:

> The committee has very strong feelings with respect to the furniture factory. This operation continues to be a major financial liability to the entire college enterprise. It can threaten and jeopardize the college's very survival.

Steve Inglis concluded one of his report with this statement: "An infusion of cash sufficient to bring the college to acceptable levels of financial stability is necessary for the college's survival."

Hence, both personnel of the College as a whole and of the Factory as a department of the College were looking for solutions to alleviate perceived financial crisis in the two entities. The solution decided upon was to legally separate the Factory from the College and to conduct a fund raising drive within the College constituency across the nation. In mid-1986 the separation was implemented by transferring (or selling) all three of the enterprises owned by the College to a new holding company ("Holdco") owned by the provincial and national conferences of the Church. Once the enterprises were in a separate holding company, the decision-makers anticipated the possibility of selling shares to Church members. The central reason for implementing this transfer was to reduce the total debt of the College. An important part of this plan included an appeal to the constituency to make donations to reduce the debt. The top management of the Factory and Holdco anticipated that the donations from the constituency or purchases of shares by them would reduce the debt of the Factory as well as the College. The intention of this transfer was not only to separate the "educational from the industrial" but also to put the enterprises on a firmer financial basis. In 1985 an ad hoc committee of the College board whose suggestions were accepted and implemented suggested that there were four reasons for the separation:

> First, academic administration should be divorced from the concerns of entrepreneurship. Secondly, the precarious nature of manufacturing industries and their vulnerability to economic fluctuations necessitates that they stand separately

> from the college, so that, in the event of financial failure, they do not jeopardize the financial position of the college. Thirdly, and currently, the industries (in particular, the furniture factory), need an injection of additional capital which the college is unable to provide without hindering academic development. Separation could bring in this required new capital. Fourthly, ease of handling personnel challenges.

A year later, just a few months prior to the incorporating of the separate entity, the College board reiterated its intention to

> separate the college-owned industries from the academic operations by June 30, 1986 [by establishing] a new not-for-profit corporation [and to] encourage private investors and/or corporations supportive of the [Church's] education work-study concept to purchase and operate the college industries and farm.

The management of the now Holdco companies were disappointed with the outcome of this transfer. As it turned out the College's debt was virtually eliminated, but the new corporations were burdened with more debt. This happened because they contributed cash to purchase assets from the College thus helping to reduce the debt of the College, and then no shares were sold for cash. The final effect of the separation was to set the businesses adrift to "float or sink on their own." This perception seemed to be shared by the majority of workers in the Factory. The confusion of the Factory members is exemplified by the comments of one of the supervisors:

> That [referring to the new corporations] I couldn't understand. Why that was a mystery to myself.... To me I didn't think it was a good plan. Because I don't know why it just didn't seem like it was going to work... In my mind well when you have this and how could you borrow from here? It was mind boggling. Actually it was more mind boggling than anything.

One top manager showed his confusion in this statement:

> [Holdco] never had five cents to rub together. All it was, was [Holdco] just had a three million dollar debt on their hands and the college had this money from [Holdco]. I could never understand that but I'm not an accountant. But it doesn't happen in my books anyway.

Constituents were also confused. The following interviewee, who was not directly involved with the Factory at the time, told what he perceived to be the constituents' understanding of the new ownership structure:

> The whole church has had a perspective given to it that when the college was

> bailed out... that the industries were going to be privatized. That was a guarantee that the church gave to every conference and to each conference when they met. And I think that that was a smoke screen... because they privatized it in a way that was not propagated. They merely took it out of the control of the college and set it up in its own corporation with the involvement of the [Church headquarters]. And that was not the perspective that people understood.

This individual understood that shares would be sold to "private hands" and it was no longer to be an "agency of the church." Even the committee members who participated in the "1985 Incorporation committee" (see Appendix A for more detail about the report prepared by this committee) seemed to see the futility of the new corporation in getting a grip on the debt problem. On the title page of their report that they gave to the College board members is a Herman cartoon showing a woman speaking to a loans officer with the caption "I'd like to borrow just enough to get myself out of debt." While this does not sound especially hopeful, the establishment of Holdco signaled the beginning of a fairly stable period in which members of the Factory took on the challenge of digging themselves out of the debt situation.

To summarize, P_2 began in 1983 when the top management, which had been very stable for over ten years, was almost entirely changed. Following this major change there were several other changes in key personnel until 1987 when Thomson became general manager. Key participants outside of the Factory also changed when the ownership of the Factory was transferred to Holdco in 1986. Concurrent with these key member changes was the perception of crisis. By 1984 key members came to believe that financial problems were more than just a temporary set back caused by the move into the new plant. These financial problems were perceived to be of crisis-proportions throughout the period.

6.1 Salient values held during the period

A. Raison d'etre values

The three *raison d'etre* values established during the founding period continued through this pivotal period. The desire to provide work for students continued without any indication of change during the intervening period between P_1 and P_2. There is evidence that both the economic and the educational values of providing student labour continued to the held throughout period P_2. However, the saliency of the educational values continued to weaken during this pivotal period. Also during this period, the desire for profit strengthened and the desire to provide work for students for their individual economic purposes (i.e., to enable them to pay their tuition) came to be held in abeyance. At least to some extent participants came to believe that the desire for profit and the desire to provide work for economic purposes were competing values in the short term. In this section, I will outline the *raison d'etre* values of the various key individuals and groups: general managers, other managers, students, College administration, members of the new Factory board, members of the new Holdco board and other Church administrators.

General managers There were four general managers during this period. Listed chronologically, they were: Green (March, 1983 to August, 1984), White (August, 1984 to September, 1985), Whitehead (September, 1985 to August, 1986), and Inglis (August, 1986 to September, 1987). The conclusion of the period was marked by the promotion of Thomas to general manager in September, 1987. The chronological changes of general managers reflects the saliency shifts in the *raison d'etre* values outlined above.

All four general managers of this pivotal period claimed to strongly hold the value of provision of student labour. Although both were stated, they emphasized the desire for economic outcomes much more than the desire for educational outcomes, and Inglis, the last general manager of the period, did not believe educational values were important at all.

When I asked Green what he saw as the purpose of the Factory, he answered determinedly and without hesitation:

> The purpose of the factory was solely to give employment to students so that they could pay their way through college and high school.... A lot of kids that really don't even have a good home and the only way of keeping those kids in the church is by bringing them, you know, to school down there and so we need the employment so as those kids can pay their bills.... That was the only thing that motivated me to go down there. That was the only thing in my mind was worth saving.

White held the provision of student labour value very strongly. He believed in this value for educational and economic reasons:

> I really like the concept of having industry connected with school. As I really felt it was a really good thing for some kids who had never worked a day in their lives when they came to school to all of a sudden have to take a job and learn the responsibilities that went with it and also learn a trade.

However, he did not see this type of learning to be an integral part of the College's educational mission:

> As far as operating church and business together. It's kind of one of those things that kind of really don't work well because the main purpose of the college was to provide education and the secondary thing was the fact that they were providing work.

In a report to the delegates at a College corporation meeting on March 9, 1986, Whitehead affirmed his commitment to providing employment for students for economic and educational reasons:

> A major purpose for the existence of [the Factory] on the campus is to provide employment for students. This allows them the opportunity to earn a portion of their school expenses as well as providing valuable work experience.

Inglis did hold the *raison d'etre* value of student labour provision, but he believed that the sole purpose of providing work for students was to make it possible for them to pay their tuition. I asked him if he felt that the Factory had a purpose of providing work for students to teach them to work regardless of financial need. His answer:

> I don't think that concept was ever discussed at any length between myself and others there. I think it was generally the need for income. My own personal comment there would be that I think that ethic has to come from home. It's not going to come from a factory.

When I asked if vocational training was a purpose, he said there was no pressure from either the school administration or the constituency to teach a vocation or life skills to the student workers.

All of the general managers during this period recognized the serious nature of the Factory's financial condition. They all desired the pursuit of profit to the degree of at least breaking even. Green and Whitehead reluctantly accepted the supremacy of the desire for profit as a means of survival. They did not consider profit a desirable end in itself.

Green believed that the growth in the Factory that occurred in the 1970s had been a mistake. He thought that as a "church institution" the Factory should not have become a "big business." He did not value growth as a *raison d'etre*. In fact he believed that the Factory should retrench. In July, 1984, approximately one year after he entered the Factory, he recommended that the Factory move out of the new plant into an "old barn" on the campus and become a "cottage industry" as it had been in the past. He did not think it possible to compete with other large volume producers in the industry. His recommendation was not accepted. Because he thought it impossible to "sit on the fence", he reluctantly accepted the need to grow and "expand to what profit line you can make money with..., complete the deals and go across the country."

Warren Whitehead was given a clear mandate when he came: stop the financial drain. He described the mandate and his own values as follows:

> Just to turn the economic picture around was all that really mattered. To stop the financial losses that were so astronomical and to start breaking even. You know things like providing employment to students which was my own personal objective was really secondary. The whole objective was to stop the financial drain. My philosophy was that if we're there on the campus we don't even need to be there unless we provide student labour. And then to provide student labour and a break even type of situation. But that was I guess it was their sort of unwritten understanding but that definitely was not stressed to me as one of the objectives. If I had said we're going to get rid of all student labour and become profitable that would have been okay.... It would have been okay as far as the board is concerned.

If a break-even situation was achieved, Whitehead would have emphasized student labour ahead of profit and he felt that the board agreed with his priority of values.

White believed that the Factory should not cost money in order to provide for its continued existence to provide labour opportunities for students:

> I think that the philosophy [student labour value] still exists, but they just felt that they couldn't afford it. It was just too expensive a philosophy to implement. I would still like to see it. I think it's great but better to let somebody to put in their own money, make their own decisions, make the hard decisions and live with it.

For White, profit was not highly valued in comparison to providing work for students, but he did have a desire for profit:

> I think the chief thing was to provide employment. I think it would have been nice if they could have made a lot of money and been able to contribute to the overall

> success of the school and be able to contribute to the student endowment or whatever. It just never happened.

He perceived a tension in values "when you have church and business involved" together: "The church wants to look good. The business wants to make a profit. Sometimes the two don't/ They're not complementary."

Inglis held profit as an important *raison d'etre* value. In a management meeting in May, 1987, Inglis clearly stated the priority ordering of the values regarding profit and student labour: "Making a profit is our main objective, with providing student employment being our next priority." When I interviewed Inglis, he contradicted this statement saying that "creating jobs was the top priority." In either case, however, because of the location of the Factory, Inglis believed that a break-even operation was the best that could be accomplished and all that should be expected.

Other managers Hendrick, who started working in the Factory as a student during period P_1 and became plant manager during period P_2, valued student labour for economic reasons, but he believed that early in this period the values of top managers shifted to a greater emphasis on profit. He also believed that being "too big" is incongruous with "running a student program." In a value-filled statement he described how he thought that size, profit-seeking, and provision of labour for students for educational purposes fit together:

> I think they got too big. It's if you run a student program you *got to have* it small and under control. Like you *got to* run it tight. You *got to* have it so like I said you *got to* have it simple.... I think with student program it's never going to be a big profit center but I don't think the *purpose* of it was to be a profit center.

At this point in the interview as Hendrick continued talking, he switched to past tense, referring to when he was a student worker:

> I think it was there to supply employment for students and break even. If you make 5 cents fine but you know it is a training ground for students 'cause you're part of faculty I mean it was part of the education system just like you teaching math. You taught kids how to work. Whether you were going on to something else or whatever. I mean when I was there it was a training program just like part of the school.

This switch to the past made clear the change that Hendrick saw from period P_1 to period

P_2. That is, saliency of education-centred values decreased and saliency of profit-centred values increased.

Another middle manager perceived that building the new plant had a significant effect on management's values regarding the provision of student labour. He believed that the new building added to the pressure to perform and this caused managers to be less willing to rely on fickle student labour:

> When it came to the place where you're trying to fill a large building with enough production to make it pay, then you can't have the same attitude towards students. You can't be so willing to say 'Yeah you can stay home this afternoon because you have an exam tomorrow.'... When we moved into the new factory..., our attitude switched to production. You've *got to* produce. You *got to* get the trucks rolling out the back door to make this thing work. So we started emphasizing production.

According to this manager's thinking the economic realities forced managers to value student labour less.

Jackson, sales manager until the opening of this period, also noted that the financial crisis caused key members to focus more on profit and less on the provision of student labour: "Because the factory was losing too much money..., we *had to* make more money even if you can't hire as many students. It changed somewhat."

An interviewee, who entered the Factory in 1984 as a sewer and cutter, became the cutting supervisor a year later and became an assistant plant supervisor in 1986, said that she had been told when she entered the Factory that jobs were provided for students "to put students through school." All other middle managers and supervisors who were interviewed agreed with this statement of *raison d'etre* values. One interviewee added that a second reason for providing work for students was: "To help them ... to learn to work; learn that they have responsibilities in life; that they can't just lay in the bed and say 'Dad, you pay it.'"

One supervisor, who started as a student during pivotal period P_1 and left the Factory in 1985, thought that "the whole point of [the Factory] being there was actually lost in the scramble to try to make a buck and try to get ahead and survive." From his perspective, "they lost sight of what it was really intended for."

Students There was a perception among managers that since the previous pivotal period students' values in regard to work had gradually changed. These managers believed that students valued work less than they had in previous periods. One middle manager believed this change in student values toward work caused a shift in the desire to provide work for students:

> I think there was a change of attitude in students. Like when I went to school, there was no problem to fill that place every Sunday with workers. If they were to have some industry now and try to get workers on Sunday, they couldn't do it. So I think there is a different attitude among the students now than there was back then. So maybe without them making any change in their philosophy or their purpose, they might have been forced to say that student labour is no longer reliable or available.

While this interviewee was comparing his student days with the present, he was referring to a lack of interest in working on Sundays. This lack of interest began in the 1970s. Sunday work as part of the regular schedule was terminated in 1973. Kennedy, general manager just prior to period P_2, noted this decreased desire on the part of students to work and particularly on Sundays:

> It became harder and harder to get students to work. For example, we used to be open Sundays so the students could get a full day's work in. Oh back in around starting around 1978 - somewhere in there - the only people who would show up were the full time workers. The students had hockey or choir or band tour or something. Work was not as important or as crucial to the student any more.

A paradoxical change was occurring during this period. Managers believed students valued work less than in previous periods, but at the same time due to the new financial pressures which they perceived to be driving them to greater efficiency, they expected the students to be even more dedicated to their work. One middle manager expressed this paradox:

> When I worked there as a student, I considered that it was a benefit for me as a student, but my studies came first. But I don't know that my studies necessarily interfered. If I needed an afternoon off during exam week, it usually wasn't a problem to get that. Whether it was because my attitude was 'I'm here to go to school and my work here is letting me to do that. But my main objective is to go to school. My main objective isn't to work at the factory.' When we moved into the new factory..., we started emphasizing production and you've got to be here and the main thing you're here for is to work for us, not to go to school.

Management also believed that the students no longer valued work for educational reasons. Peter Matison, sales manager until the beginning of period P_2, perceived that students and their parents were no longer interested in vocational training:

> I don't think that many students wanted to work. Nobody wanted to send their boy there to work or girl. I don't think the parents were sending them there to learn to be an upholsterer. They were sending them because they wanted them to go on and be dentists and lawyers and professional people.

College administration Officially the College administration continued to hold the same *raison d'etre* values for operating the Factory as was the case in previous periods. That is they valued both educational and economic outcomes. This is evident in a document presented at a College corporation meeting, in which a definition of industry was given as follows:

> A non-profit industrially oriented enterprise owned and operated by the college for the purpose of providing practical vocational training, guided work experience and earning opportunities for students, and for providing subsidies for the operation of the college.

The notion that work should be valued in itself because it is good for students to develop good attitudes toward work and the ability to work hard, etc. was still present to a lesser extent than had been the case in earlier periods. For example the College president who held the presidency position until just prior to this pivotal period had a "big vision ... that everybody should be working." He thought that the College "should provide work whether they [i.e., the students] like it or not." It is important to remember that this was the last College president to take deep interest in the Factory operations. (This is discussed further in Section 6.2 below.) Therefore, the values of College presidents following him did not have as much influence on outcomes associated with the Factory. That is not to say that the subsequent presidents had no interest at all.

At the board meeting in which the decision was made to transfer Kennedy out of the general management position, the board members passed a motion expressing appreciation to Kennedy. This motion contained a statement indicating that they valued educational outcomes from student labour in that they expressed appreciation "for [Kennedy's] untiring efforts to guide numerous youth in developing a positive, Christian work ethic in our education program."

Sometime between periods P_1 and P_2, the College had designated one of its employees in the student finance office to be in charge of student employment. The individual who filled this position during the early part of the present pivotal period stated two reasons why the College valued the provision of labour for its students:

> One being the philosophy itself. That is simply that the work ethic is part of education and that *should be* stressed. And parents *wanted* that stressed. It was a big marketing and recruiting tool because I was doing that too.... The second reason was kids simply needed money to subsidize their education.

When I asked how the College administration ranked these two values as far as degree of importance (i.e., which is more salient?), he replied:

> Money was the/. We never talk about it but that's what everybody/ why it worked. Nobody seemed to care what their work habits was..... Because if work habits was the primary thing then the school could legislate that everybody should work so many hours a week.... Money, money was the big thing in the end. In the end everybody said do whatever you have to do to make money.

All other sources of data suggest that the educational value of student work was not a strongly held value by most College administrators. Most sources support the view that student work was desired so that students could pay their tuition. For example, in 1984 the College president expressed the administrators' desire to provide work for students:

> We have determined to provide ... work opportunities.... We work hundreds of our young people. We create jobs so that somehow, someway, any sincere young man or young lady who wants a Christian education can get it.

Another example is found in a letter accompanying a government application form in which White [in his role as College financial VP] explained that the College "operates three industries to provide a work experience for the student a source of employment income to assist in financing part of the student's education costs."

Profit was also valued by this group. The "1985 College review committee" (see Appendix A) clearly included desire for profit as one of its stated *raison d'etre* values regarding enterprises on the College's campus:

> In our view, all industries, whether operated by the college or by private

> individuals, must have as underlying objectives the following two outcomes: First, they must constitute profitable operations; and secondly, they must employ students productively. Industries which cannot or do not achieve both of these outcomes should not be considered acceptable and therefore should not be retained.

The College board's strong acceptance of these values is reflected by the fact that when they voted to accept and implement the committee's recommendations, they determined "to review the progress of the implementation of the recommendations at each meeting of the full Board of Trustees."

As discussed above the desire to survive caused the College administrators to be less insistent that students must be hired at the Factory. Whitehead understood the College administrators to believe "that the factory should be providing student employment, although, it wasn't in anyway demanded or written. [The College] administration was supportive."

Factory board A separate Factory board was created in April, 1984 as a committee of the College board. The purpose of this board was to have a group of decision-makers (they were given a great deal of "power to act") who were more focused on the Factory operation and had more business expertise than most of the College members. The members of this board primarily desired profit attainment. In September, 1985, this board developed a business plan for the Factory. Appendix A refers to this plan as the "1985 business plan", and Appendix C contains the "Statement of Purpose and Objectives" the board members developed for the plan. The board members stated the "purpose for existence" as follows: "To be the ['the' was crossed out and 'a' was written in] leading manufacturer and distributor of high quality furniture." There is no reference to student labour in the business plan. However, student labour values were not completely forgotten. When I asked one of the board members, Walter Queen, what he saw as the purpose of the Factory, he replied:

> Well from my perspective at the time when I was on the operating board the purpose was to figure out some way to make the factory survive.... There was certainly some talk of student employment which I always believed was important but it was just you know you wanted it to survive. And there again I guess the ultimate purpose of it was to provide student employment basically and maybe to

defray some of the expenses so that there were some profits coming in too. Queen pointed out that when making decisions, the effects on student employment caused by the decisions were not taken into consideration. The "big consideration" was to "do whatever we have to do to have this thing survive." When I asked specifically if he agreed with the statement in the business plan regarding the "purpose for existence", Queen replied that he did not recall the discussion and that "it wouldn't have been a valid purpose in [his] mind." He went on to say that "that should certainly be one of the objectives but not the purpose." White played a key role in preparing this business plan. He also valued the provision of student labour. The fact that student labour is not mentioned at all in the business plan is peculiar. There are two likely explanations: (1) this value was so taken-for-granted that they saw no need to include it, or (2) they were so engrossed with survival in the short term that they neglected their ultimate long term *raison d'etre*. The latter explanation is likely the case. As Queen stated: "But I say at that time the big objective was survival and so anything that was said was basically geared towards that."

Holdco board In this subsection I will discuss the values of committees that prepared for the establishment of Holdco as well as the Holdco board itself. The ad hoc committee that prepared the "1986 Holdco acquisition of industries report" (Appendix A provides some detail regarding the purpose of the ad hoc committee that prepared this report) stated the objectives for the new company as follows:

> To promote education and religion at [the College] and any other [Church] educational institutions through the operation of businesses and industries which will provide employment and work experience in a Christian atmosphere to the students of [the College] and other [Church] educational institutions.

However, after this report, there is no more mention of the direct educational benefit of providing work for students.

There is evidence that the members of the Holdco board held the *raison d'etre* values of providing work for students for economic reasons and the attainment of profit. On September 24, 1987, Steve Inglis, the president of the corporation, "request[ed] directives from the directors and shareholders." A consensus was reached on the following four "directives":

> 1. the joint criteria for continuing or operating a [Holdco] industry is the potential for long term profitability and the provision of employment for students
> 2. all [Holdco] industries are to give a return on investment and [Holdco] should maximize return on investment in the context of providing student employment;
> 3. decisions made by the directors must be made on the basis of the best interest of the company, the fiduciary responsibility of the directors to the company must always be considered and business merit will be a factor in the decision making process;
> 4. the [Holdco] board is committed to its continued existence as a business entity operating financially viable industries,... however, we should immediately pursue equity infusion from some source.

One month later, Inglis presented a Statement of Mission and Terms of Reference to the executive committee of the Church's national conference. (Appendix D contains the complete statement.) The "purpose" of Holdco was stated as follows:

> [To] provid[e] financial support to the education ministry of the church in Canada and employment opportunity to students and support persons of students in the education system of the church.

This statement focuses only on the economic *raison d'etre* values. Profit so that "financial support" could be provided to sustain the education ministry was valued. If employment opportunities were valued for both "students and support persons of students", evidently it was the economic outcomes derived from employment (i.e., making it possible for students or now support persons of students to pay tuition) that were valued. This is the first time the value of providing employment to "support persons of students" was officially stated in archival documents. Educational reasons for providing employment to students were not mentioned.

There is other evidence that the Holdco board members espoused only the economic values derived from student labour provision. The preamble to an "Agreement for the Provision of Student Services" between the College and Holdco reads as follows:

> Whereas [Holdco], and its affiliated industries, have a need for part-time workers and whereas it has as one of its primary objectives the provisions of opportunities whereby [the College] may provide employment for its students in order that the costs of attending [the College] may be defrayed.

Other Church administrators As was the case in previous periods, the views of key members of other Church organizations were reflected on the College board, because there was a large degree of cross-membership among these organizations. After Holdco was established, the members of the Church's headquarters had a more direct influence, because they were now the shareholders of the corporation. One of the most influential members was Emery, treasurer of the Church's national conference at the time the new ownership structure was implemented. He believed that the desires for both profit and student labour were the appropriate *raison d'etre* values. Toward the end of this pivotal period, he came to believe that profit should be sought first and the desire for student employment would be best met as a secondary objective. He did not always hold this view. While he was College business manager in the 1970's, he along with other College administrators believed that attainment of profit and the provision of student labour should be sought simultaneously with the latter receiving the greater emphasis. He came to believe that

> you've *got to* have a different mentality as far as business is concerned. Your first real thought *has to* be that I've *got to* compete with others; I've *got to* make a profit. And then the other things can be added sort of thing.... If we want to have student labour, we *have to* provide it on the basis that it's not costing the church, we're not subsidizing. The emphasis then that number one we *wanted to* make a profit, okay. But we were adamant that there *had to* be student labour as well, not to the determent of sinking the operation.

Emery valued growth and profit attainment primarily, but he valued student labour for educational purposes as well. He viewed the learning aspect of work as a by-product of the pursuit of growth and profit:

> A church industry ... *has to* be comprised of a people who have an attitude of seeing a business go ahead.... And yet at the same time committed Christians that know why you have an industry associated with the school and that is for the exposure of the young people to get into developing work ethics. And if you have that combination I think it can go and I think it can be profitable and I think it can be made to be money making. The thing is if these young people come into an industry where its run like an industry, they learn something.

He stated that one thing he "liked about Thomson" was the fact under his management

> something was demanded of the students. Yet at the same time there was the opportunity for them to learn to know that it could be done.... It was a training ground. [When Thomson came] he started to say 'man if you're supposed to be

> here at 8 o'clock, you be here at 8 o'clock. If you're not here at 8 o'clock, you go find yourself another job.' So the people started to learn responsibility.

During this pivotal period the constituents of the College had a forum to make their values known. This opportunity occurred at the "president's leadership consultation" conference held in the fall of 1982. (See section 6.0 for a description of this conference). The College constituent members present clearly held the *raison d'etre* value of providing work for students. When they were given an opportunity for "open participation from the floor", their "discussion centered on two major concerns." One of these concerns was "that continued study be given for increasing work opportunities on campus." From the context of this statement it is clear that they desired more work opportunities so that students could pay their tuition.

B. Domain values

Compared to previous periods, issues and questions regarding domain (i.e., the kinds and quality of products to be produced and markets to be entered) were more extensively written about in available archival documents and spoken about by interviewees. This suggests that domain issues had become more salient. However, most of the evidence is descriptive of decisions made regarding domain, rather than value statements regarding domain. Domain values have to do with the appropriate domain of operations. This section covers those value statements that were written or spoken about domain.

As in previous periods, there was a general desire for a "quality product that they could be proud of" prevalent during this period. The value placed on quality was officially stated in the "Statement of Mission and Terms of Reference" (see Appendix D for the complete statement). The directors accepted that "products and services of all [Holdco]-related entities will maintain high standards of quality and integrity."

Tom Green, the first general manger of the pivotal period, was specific in stating his domain values. He believed that a change in domain was necessary for the Factory to succeed. He stated his domain values in a general fashion as follows:

> We *had to* come up with something that was a different look. That was new in order for the retailers to say 'yes, we're prepared to give this manufacturer floor space.'

Matison, who was demoted from being sales manager when Green came, had this to say about Green's domain values:

> We were trying to make a lot of new product lines. We were trying to become the Sklar [a large competitor] of the west... He [Green] *wanted to* upgrade us really really fast.

He described Green's domain values as desiring to move the product line to the "high end."

White came to agree with Green and accept similar domain values. He accepted the supposition that prior to this pivotal period, the products produced could not be priced high enough to earn an acceptable profit margin. He believed that "what we *should* do is get into a higher grade product."

Hendrick, research and design manager at the time, valued simple designs so that students could easily master work on the products:

> You *got to* have it so like I said you *got to* have it simple, simple styles. You *have to* be able to service and have the students can do it and not have it so complicated and you get into all the complicated stuff or 'cause they have to learn it and learn it quick and stuff.... You can only have certain clientele and stuff and stay to the lower end of the market and stuff where you turn the stuff out like popcorn.

Hendrick also believed a simpler design was what customers demanded. He contended (with the benefit of hindsight) that Green "didn't do stuff the market would bear here." Jackson agreed (also with the benefit of hindsight) that Green attempted to move the product to a "too high end." He believed that the total market for that type of product was too small; that there just were not enough customers "who would buy a $2,500 sofa." Members of the College constituency also believed that the move to the "high end" furniture was not a good decision. "Following a lively open forum", the constituents at the 1984 "President's Leadership Consultation" conference (similar in format and intent to the 1982 conference that was described in section 6.0 above) recommended:

> that the factory administration take a careful look at economic forecast for 1985 (a down turn) and perhaps concentrate on lower priced high volume items. There is

concern about going into a higher priced line of goods.

C. Evaluation criteria values

The evaluation criteria value (i.e., values about the appropriate criteria to be used for evaluating organizational performance) of measuring performance by the "bottom line" became more salient this period. This is consistent with the desire for profit that also became more salient this period. When I asked one middle manager how he determined success, he answered: "To have black ink. I mean in order to succeed, you have to make a profit."

Other similar values regarding the measurement of performance were stated during this period. In the "Statement of Mission and Terms of Reference" of Holdco, a desire or an intention was stated to establish a standard of employment opportunities for each of the enterprises within Holdco (see item #4 in the Terms of Reference in Appendix D). Also "objectives for operating results such as 'Operating Profit', 'Return on Investment', and 'Debt/Equity Ratio' [were to] be established on the basis of industry norms for the particular operation" (see item #5 in the "Terms of Reference" in Appendix D).

Inglis thought that "complete success" should be measured to evaluate the Factory, rather than simply "a bottom line orientation of success." For him "complete success" included contribution of "student jobs and student spouse jobs and student parent jobs" in addition to profit. He did not specifically state how this evaluation should be measured. It is consistent with the desire to provide work for "support persons of students."

D. Organizing principles values

The two areas relating to organizing principles values (i.e., the appropriate principles of organizing) that arose during pivotal period P_1 became more salient and elaborated during pivotal period P_2. Those areas are the desire to separate the governance and decision-making of the Factory from the College and the desire to formalize budgetary planning and control. A new issue also arose during this period: should recruitment and selection be exclusively from Church membership?

The two primary complaints that managers had with College involvement in the business affairs of the Factory were centred around the compensation system and the governance system. The denomination salary scale was considered too egalitarian, the governance system was too cumbersome and slow, and the College board members were perceived to lack expertise. The latter complaint regarding the board was not new to this period, but it became much more prevalent. Kennedy stated a desire he had regarding the board's expertise:

> I would have liked to have seen a board with members with business background who could offer guidance. One person or a small group of people are fine but ... you need broader horizons so you would like input from a broader group. So if you come up with an idea you can bat it around and improve on that idea.

All of the managers from this period desired some change in the governance system. Whitehead reported that at the time he was offered the Factory general management position, he was led to believe that the College board

> would like to ... set up [the Factory] as an independent corporation which would allow us to pay people in the business range and so on that it would not be a denominational employment type of situation.

His

> desire was that it be incorporated so that it could make it's own decisions. It would always have its board of directors as a business but that it would not be hampered with the way it was where it was a church operated and you couldn't make decisions because you had to wait until the board met and then the board might have to wait until the next higher board [met].

White also "felt that what we should do is make the industries as independent as possible within the organization."

During this period, the discussion of separation extended to a change of Factory ownership. There was a great deal of discussion regarding the appropriate ownership structure for the Factory and the other College enterprises. The alternatives considered were selling the Factory to private individuals or incorporating the Factory as a for-profit corporation separate from the College. Inglis valued the ownership separation of the College enterprises, including the Factory, from the College to provide "an opportunity to make the industries to look a little more and act a little more like normal businesses." Green believed that the best way to organize the enterprises for student employment was that Church members should be encouraged "to take cottage industries there to the campus." His view was that they should be "strictly ran as independent businesses absolutely nothing to do with the college at all."

Pertaining to this period, there were various values stated regarding the need to formalize aspects of the organization. Immediately after its establishment the Factory board began pushing for the development of policies and job descriptions. It made this request providing a peculiar rationale:

> In light of the large increase in both inventories and accounts receivable, management of the furniture factory was requested to provide flow charts and job descriptions for the next Board Meeting.

Queen, a member of the Factory board, valued a clear and formalized chain of command. He believed that the "line of flow chart as far as command organizational chart" was not very clear and "should have been there...: you have to know who you're responsible to and who you're responsible for." He thought that it should be "written down." The College president, whose tenure as president very nearly coincided with this pivotal period (his term was from 1982 to 1987), listed nineteen "obvious items which need to be taken care of at [the Factory]" in an "administration proposal" for the Factory (for more detail see the "1984 College administration proposal" in Appendix A). Several of these demonstrate a desire to increase formalization in the Factory:

> development of administration and production flow charts; ... development of job descriptions--managements and supervisors and recruitment of personnel to fill the job; ... development of comprehensive employment and personnel policies including hiring and firing procedures; ... development of specific wage scales and benefit policies; ... development of information, report and control programs and forms; ... holding of regularly scheduled administrative meetings for which minutes are kept and circulated.

When Holdco took ownership of the Factory, this desire for formalization continued. In the "1986 Holdco acquisition of industries report" (see Appendix A), the intention to develop policies was explicitly stated:

> Inasmuch as existing policies and procedures for governing the operations are at

> best weak, it is required that policies be developed for credit and collections, purchasing and inventory, wages, bonuses, overtime, contract labor, sales, commissions, profit sharing, interest and rents.

During this pivotal period, other Factory members came to desire formal meetings to a greater extent. For example, the employees who prepared the "1982 Employees' report" (see Appendix A) suggested "that at least once a quarter, there be a staff meeting which would include all full-time workers, where problems and suggestions can be discussed."

The belief that the Factory decision-makers needed to plan more became a more salient value during this period. Henderson-Feris, a consultant who became an influential Factory board member in 1984, stated this value clearly in his report:

> Planning does not come naturally to an organization or its people, especially an organization under pressure or in crisis. The necessary takes precedence over the important; people will be working hard on day to day tasks, but be 'too busy' to get involved in planning. The planning begins with a financial outline for the forthcoming year; that outline should be complete as to pricing, inventory levels, gross profit, margins, etc. Having established these goals with the assistance of the Board, there should then be monthly meetings of the management team and an appointee of the Board, to determine progress and adjust the goals as necessary.

Finally, values regarding the religious orientation of potential Factory recruits were stated just prior to and during this period. The group of employees who prepared the "1982 Employee's report" (see Appendix A), believed that:

> The hiring of non-[Church members] should be guarded against (outside workers can be a detrimental influence on student workers, and as well, these people do not contribute any funds to the denomination). At the same time, the maintaining of [Church members] who are openly not in good standing should be avoided.

The opposing value (i.e., that non-Church members *should be* hired) was the value that took root during this period, even though it was never stated.

E. Saliency of values

In this section I assess the saliency of the values discussed above based on the power of the value holders, the commitment strength with which values are held, the degree to which values are shared among those involved, and the presence or absence of competing alternative values.

During this period the desire for profit increased in saliency relative to the other values, because the most powerful members held this value with greater strength relative to the other values. It is difficult to know whether there was a greater desire for profit or if the perceived crisis of the period forced the members to value more strongly the avoidance of loss. In either case, saliency increased relative to the other *raison d'etre* values. In the first case it increased simply because commitment strength increased. In the latter case, it increased relative to the desire to provide work for students for economic reasons, in that the latter value came to be seen as competing with the former in the short term. Therefore, the most powerful members (the board and top management) came to temporarily hold the desire to provide work for economic reasons in abeyance. That is, they wanted to get the Factory to a financially sound state even if it meant providing no student employment in the short term. The latter explanation is the most plausible. The first three general managers during the period stated that their greatest desire was to provide work for students but they had to set that aside temporarily. Other powerful participants (i.e., board members) gave them a mandate to pursue profit.

Among the values pertaining to organizational activities there were no major changes. The most significant values at this level were extensions of values that were salient during the previous period: the desire to separate from the College and the desire to formalize budgetary planning and control. These values continued to be strongly held by powerful participants with no competing alternative values.

During this period the power of value holders and their strength of commitment were more important in determining value saliency than the sharedness of values. The example of the failed attempt to maintain the Church-member-only hiring policy by individuals with weak power illustrates this proposition. The desire to hire only Church members was expressed in the "1982 employees' report" (see Appendix A). As stated above the counter value was not even stated. In spite of this lack of overt opposition the employees' value did not become salient.

6.2 Organizational design in place during the period

Specific aspects of organizational design within the Factory are discussed in subsections later within this section. However, prior to outlining those specific aspects, I will discuss the Factory's organizational structural changes that transpired since the previous pivotal period and changes made during this pivotal period, and then I will discuss the relationship of the Factory with the College and other ownership structure issues.

Organizational structure The Factory management prepared an organization chart (reproduced in Figure 6.1) on November 1, 1982, which is just a few months prior to the beginning of this pivotal period. The most significant change that occurred since P_1 was the addition of the production coordinator between the production manager and the production departments. There was some shuffling of production departments. Millroom and assembly were combined and shipping and quality control were combined. Sewing was separated from the cutting department and the foam department was separated from upholstery.

In the spring of 1984 a significant change occurred with the introduction of the Factory operating board. This board constructed and approved an organizational chart in their July, 1984 meeting (reproduced in Figure 6.2). This chart shows the arrangement after Green was removed from the general management position and White was instated. When Whitehead became general manager, the Factory board decided to separate general management and sales management. At the July, 1984 Factory board meeting, the position of "plant superintendent" was eliminated. This chart (Figure 6.2) also shows that the inspection function was separated from the shipping department.

Figure 6.3 shows the organization structure after Holdco took ownership and just prior to the end of this pivotal period. Several changes were made in regard to plant supervision and management. In 1986, a level of management between production manager and the production departments was reinstated. Inglis reintroduced this position when Thomson was invited to the Factory. Then after Thomson became general manager two plant managers were positioned and the production departments were split between

Figure 6.1 Organization chart, November, 1982

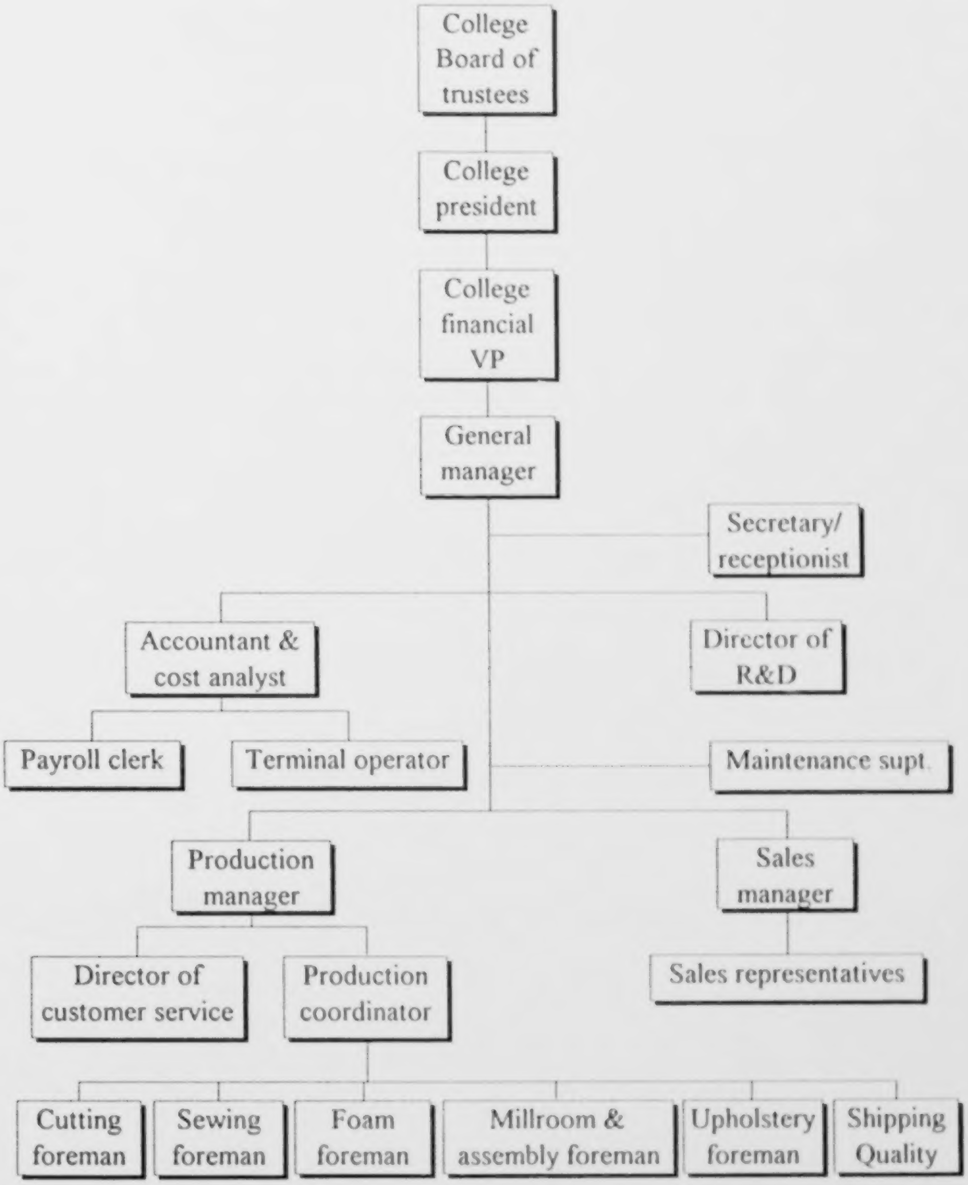

College Board of trustees
College president
College financial VP
General manager
Secretary/ receptionist
Accountant & cost analyst
Director of R&D
Payroll clerk
Terminal operator
Maintenance supt.
Production manager
Sales manager
Director of customer service
Production coordinator
Sales representatives
Cutting foreman
Sewing foreman
Foam foreman
Millroom & assembly foreman
Upholstery foreman
Shipping Quality

Figure 6.2 Organization chart, July, 1984

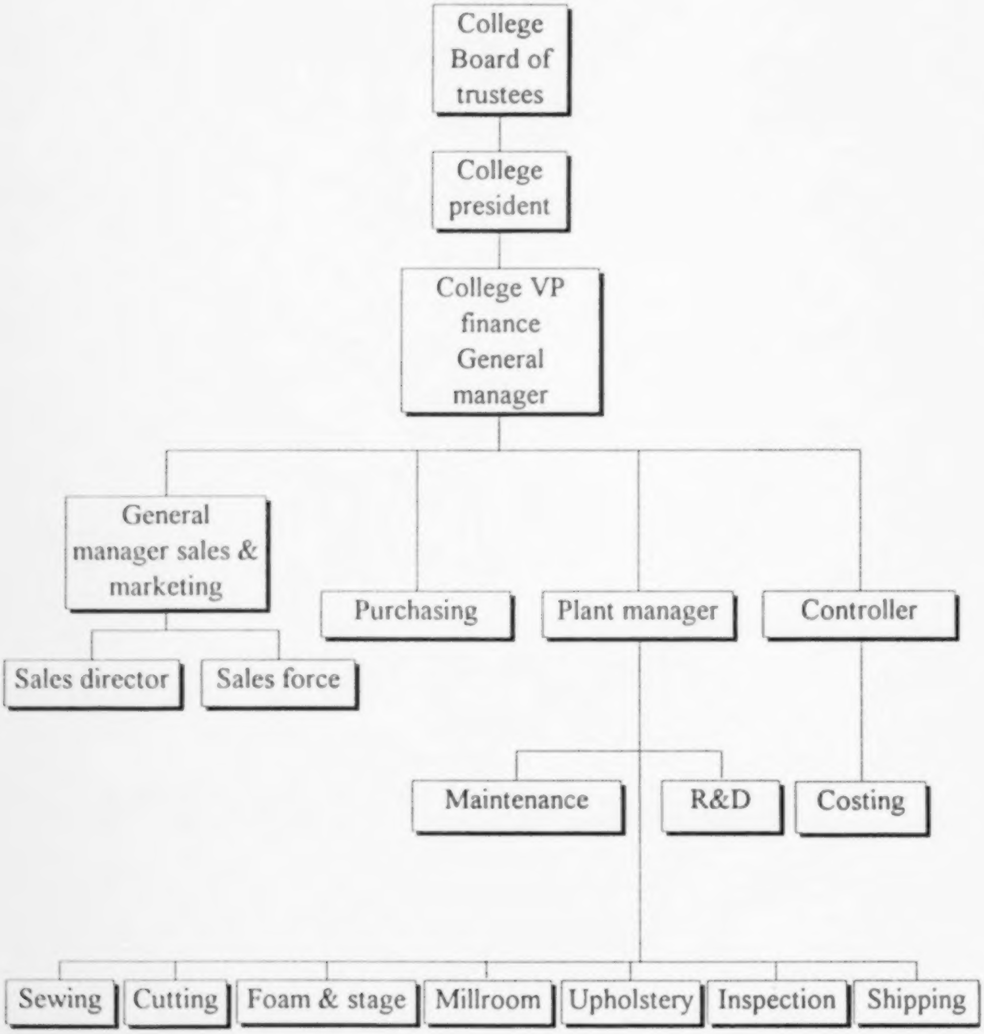
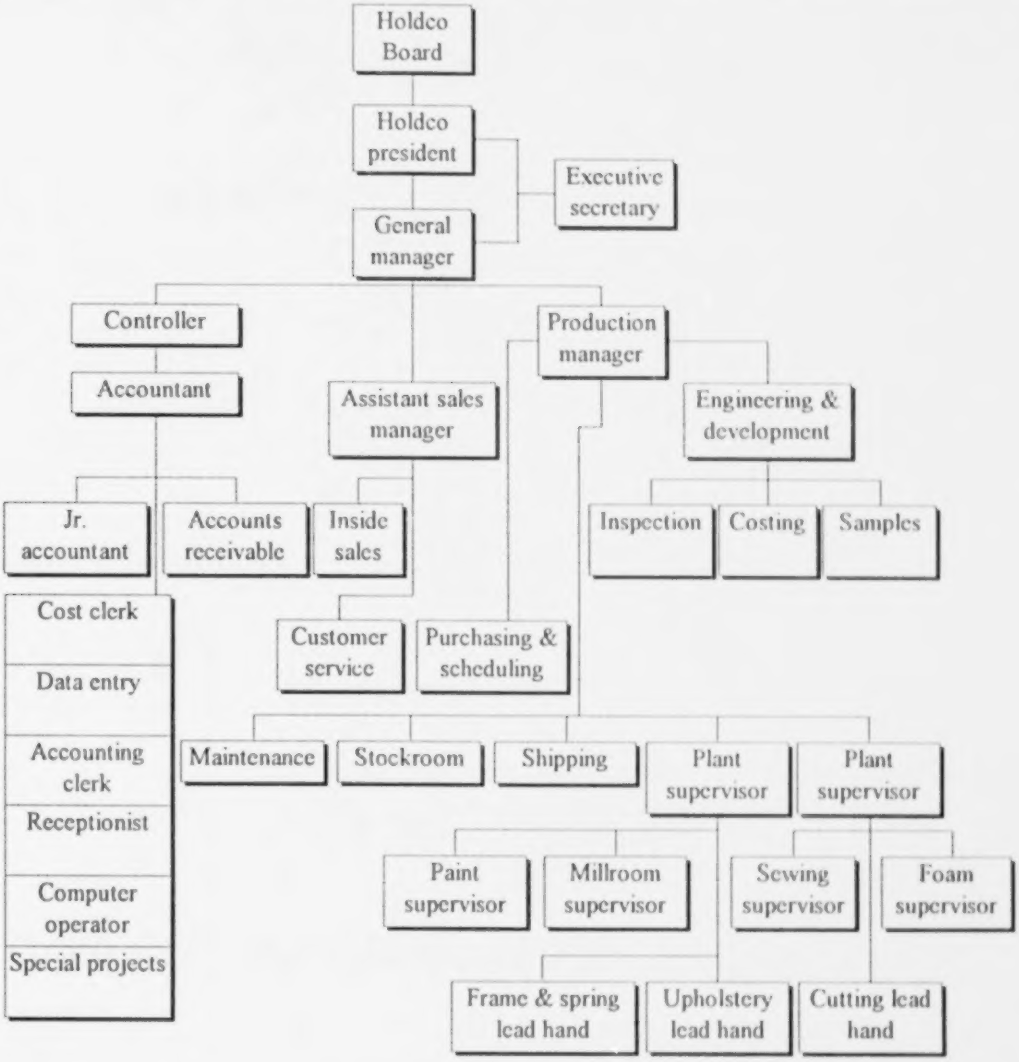

College Board of trustees
College president
College VP finance General manager
General manager sales & marketing
Purchasing
Plant manager
Controller
Sales director
Sales force
Maintenance
R&D
Costing
Sewing
Cutting
Foam & stage
Millroom
Upholstery
Inspection
Shipping

Figure 6.3 Organization chart, Mid, 1987


Holdco Board
Holdco president
Executive secretary
General manager
Controller
Accountant
Assistant sales manager
Production manager
Engineering & development
Jr. accountant
Accounts receivable
Inside sales
Inspection
Costing
Samples
Cost clerk
Data entry
Accounting clerk
Receptionist
Computer operator
Special projects
Customer service
Purchasing & scheduling
Maintenance
Stockroom
Shipping
Plant supervisor
Plant supervisor
Paint supervisor
Millroom supervisor
Sewing supervisor
Foam supervisor
Frame & spring lead hand
Upholstery lead hand
Cutting lead hand

them.

Another significant change that occurred during this period was the elaboration of the accounting and secretarial staff. Several interviewees noted that the office support staff grew significantly just prior to and during this pivotal period. One interviewee remembers it changing rapidly after the move into the new plant: "They had an office for every one of those [top managers] plus a secretary for every office and a secretary for the secretary." Irvine, who did secretarial and accounting work for ten years beginning in 1976, also remembers a large increase in the size of the office staff. However, she remembers it occurring during Green's tenure: "It stayed small until after Tom Green and then it started ballooning where more girls were in the office." Irvine thought that this increase was due to an increased work load resulting from changes in the ordering system. A more complex system for tracking orders through the production process was developed at this time. Another interviewee described the increase:

> Well there was a lot more chiefs in the new place and the office staff why it didn't quit. Where in the old plant it was well maybe one and a half secretaries and that was the extent of the office so there was big change.

Kiel West, general manager of a furniture factory at a sister College of the Church, was invited to sit on the Factory operating board in 1984. At that time he observed that "their front office was overloaded.... I think they had as many as ten people in the front office." Thomson also commented that he believed there was an excessively large number of office people at the time he arrived in 1986.

General relationship between the College and the Factory In this section I will discuss first the social aspects of the relationship between the College and the Factory personnel (i.e., the social privileges and responsibilities associated with being part of the College) and then the financial or business aspects of the relationship between the College and the Factory.

Some time between periods P_1 and P_2, the social privileges and responsibilities of being part of the College had virtually ceased for most of the Factory members. College administration officially included all Factory management as College "staff." According to an "employee categories definitions" document presented at a College corporation meeting in 1983, staff included managers, associate managers, assistant managers, and supervisors of industries. On March 19, 1986, just six months prior to the establishment of Holdco, Whitehead received a memo addressed to College faculty and staff announcing a College faculty meeting to be held later that month. This suggests that the general manager was considered a College staff member right up until Holdco took ownership of the Factory. However, most management members no longer felt like they were a part of the College. While they were still officially considered College staff at the beginning of this period, middle and lower level managers were no longer perceived to be. Foremen were "not invited to banquets and Christmas parties and that type of thing." Several interviewees remember the lower-level management exclusion from board banquets displeased some of these managers. No longer being considered staff of the College disappointed lower-level managers and they "felt discriminated against." However, they were not given College responsibilities either. An often mentioned responsibility that they were happy not to participate in was the weekend campus supervision duties. The involvement in social activities and programs waned between periods, and the connection was completely cut at the time the Factory ownership was transferred to Holdco. None of the Factory members were given College privileges or responsibilities after this occurred.

Following the building of the new plant, the financial or business relationship between the College and the Factory also became quite distant in many ways. It could be described as a hostile relationship. One interviewee who entered the Factory in 1981 and then in 1983 moved to a position with the College described the relationship as an "us-against-them mentality. 'All our problems are because of the college. If they hadn't stuck us in this new building and that sort of thing, we'd be fine.'" College personnel came to see the Factory as "an albatross and everybody wanted to distance themselves from it." When I asked one office staff member if she had perceived a change in the relationship between the Factory and the College, she replied:

> Yeah, we weren't wanted. After Irvine [Kennedy], we weren't wanted. We were sort of a financial debt to them. See that's where I feel bad because it was not our fault - the employees and the management of the factory. Dr. Neilson [College

> president] wanted a big beautiful building.... I think it was more or less the feeling of 'you're in financial debt. If you weren't here this school could run in the black. So get rid of you.' ... So every time the board came, we felt it. We felt we were not wanted. And see what we can do to get rid of them.

The workers felt resentful about the new building because they attributed the Factory's poor performance to it:

> [In the old factory building] there was a production bonus, and then all of a sudden they got into the new plant and they're facing this big debt and somebody from the school came down and said 'Until this building is paid off there's no more profit sharing.' Oh so we're the workers we're paying for this building.

The Factory management's "main complaint was ... that they didn't feel that the school was really listening [and that] all they were concerned with was the number of bodies that were working." They tended to want to blame their problems on the fact that they were pressured to hire students.

During this pivotal period building and land rent charged by the College was a contentious issue. After the new plant was built, the Factory was making payments on the new building debt directly from its cash flow. In 1981 due to cash flow problems, the College took responsibility for making payments, and at the same time they began charging the Factory rent for the building. The College board voted to leave it "to the administration to work out a mutually acceptable and reasonable rental rate." Irvine Kennedy, general manager at the time, did not agree that the rental rate set was at a reasonable rate. In his opinion

> the rent was an exorbitant amount. I could have gone to [a nearby city] and rented a space equal to that at about half of the cost. They wouldn't listen. They just arbitrarily did things without consulting us even.

White said that he believed that the rent should be set at fair market value, because he knew that historically:

> the manager and the general manager [of the Factory] always complained 'if we were profitable or made money the school's going to take it because they need money.' I guess it was true in some cases. They would make a request and the board would say 'well, we've got this thing that we need so we are going to increase your rent to be able to cover off so we can do our thing.'

White maintained that a committee was "established to see what was fair and that was what we charged." While in his role as College vice president for financial affairs, he believed those established rates were at the "low end of fair market value." The rate was a little over $240,000 (approximately $3.35 per square foot) annually from 1983 to 1986. In February, 1985 the Factory operating board passed a motion "to recommend to the College Board ... [to] reduce rent to $1.00/sq. ft.", which would be $72,000 annual rent.

There is documentary evidence that suggests that the College administration intentionally set the rent higher than fair market value in order to cover interest and principle payments on the debt relating to the new plant. In a memo to Hawthorn, White reported a meeting at the Church's national conference "regarding incorporation." A plan was discussed to "attempt ... to obtain some one year interest free loans [from the Church] so that [the Factory] shows at least a break-even operating statement for 1985-1986." If they could achieve these interest savings, they intended to propose that the College "would reduce its rental rate to fair market value." The loans were not received and the rent was not lowered at that time.

In March, 1986 the "Industry Finance Committee" passed a motion to set up a "rent study committee" to "give study to and recommend a revised industry Rent Lease, keeping in perspective required student labor." The rationale and the recommendations of this committee are reflected in a section of their April 7, 1986 minutes as follows:

> 1. General Conference [World conference of the Church] rent policy is to use community market rate
> 2. Rented property should give the landlord a normal rate of return on the investment. [The Factory] building and land upgrading cost was $1,649,933 at time of building.
> 3. In trying to determine rental rates in [a nearby city], we get rates from $2.50 to $3.50 per square ft. Most of the lower rates would be for a shell building without interior upgrading.
>
> ...
>
> 7. VOTED - to recommend the rent rate for [the Factory] as: $3.25 per square foot for total footage, plant and office, based on 72,000 sq. ft.
> 8. VOTED - to exclude student labor requirements or concerns when determining rental rates, and to exclude such requirements from the rental contract, but to use other incentives, such as pay subsidy, to encourage campus industries to hire students.

These minutes do not clearly identify what the rent was based on, but three things were considered: (1) receiving a "normal rate of return on the investment" in the building, (2) "community market rate", and (3) the possibility of subsidizing student labour by reducing rental rates. The first two were apparently taken into consideration and the latter was explicitly excluded. The outcome was a virtually unchanged rental rate.

Just a few months after this committee established a new rental rate, Inglis entered the picture as Holdco president and Factory general manager. Like previous general managers, he also thought the rent was at an unreasonably high rate. In our interview he mentioned that the building rent payment was a significant concern to him, so I asked him to explain the basis for setting the rental rate. He replied:

> Need at the college. No, in fact I knew that because I was privy to the budgeting process when it was done and there was no real logic into the cost whatever. That was what was needed to balance the budget.... You had no comparison, because what was fair market out in the boonies? ... There was nothing to compare to.

About six months after Inglis came to the Factory, he convinced the College to reduce the rent to $10,000 per month. He said he accomplished this "over much unhappiness."

For the most part, College administration increasingly took a hands-off approach in the management of the Factory. White was explicit about his desire to distance the business of the Factory from the College. The interest and involvement in the Factory operation displayed by most of the earlier College presidents diminished. Neilson, whose departure from the College nearly coincided with the beginning of this pivotal period, had continued the tradition of frequent, friendly visits to the Factory: "Neilson would be there a couple times a week. Oh he knew all the students by first name and 'how's it going?'" Hendrick reported that Neilson was the last of the presidents to take this type of interest. He said that after his departure, "you never ever saw them. I don't think they even knew how to find the factory."

Hawthorn began his tenure as College president shortly before Green began his as Factory general manager. In our interview Green told me how Hawthorn visited Green's office and attempted to influence Factory member termination decisions in ways that would be favorable for the College and its personnel. Green's response was:

We didn't see eye-to-eye. We didn't violently oppose each other but I asked him

> which he would rather have a viable operation or/. Anyway we didn't say too much to each other from that point on. Our relationship at that point was already somewhat strained.

By 1985 it appeared that the College administration did not even want to consider the Factory to be a part of the College. At the time the "1985 College review committee" (see Appendix A) gave its report in April, 1985, there were two significant pieces of evidence that suggest that key College participants no longer considered the Factory to be part of the College. The first piece of evidence is that the committee referred to the College-owned enterprises (including the Factory) as "independent operations." Then in a response to this report, the College president reported that the administration was

> presently developing a proposed comprehensive master plan ... [which was to] coordinate the financial operations, academic development, capital development, student recruitment, student charges, and other pertinent factors including denominational support.

In this master plan there is no mention of the role of the College's enterprises. The second piece of evidence occurred later that same year when College administration prepared a "Coordinated Development/Operating Plan - Eight Year Projection" in which they outlined "a summary of what [the College] plans to achieve in the foreseeable future." In this list there was nothing mentioned about student employment or College enterprises.

The legal separation of the Factory from the College was a natural next step in the gradual separation process that had taken place over the previous several years. In a plan for College debt liquidation prepared in March, 1986, the planners suggested that "as a safeguard against any future indebtedness reoccurring", they should "separate the industries from the academic." This separation was implemented by transferring the ownership of the Factory to the new holding company (referred to in this report as "Holdco") owned equally by the Church's provincial and national conferences.

Holdco Much discussion preceded the new ownership structure. In March, 1984, the College board

> voted to request the Chair to appoint an ad hoc committee to study the feasibility of incorporating the industries separate from the college corporation and to present its findings and recommendations to the board.

There is abundant evidence establishing the participants' intent in effecting this change. Emery, the national conference treasurer at the time, explained the intent as follows:

> The intent [in setting up Holdco] was to separate the industries; get the liability separated off from the college itself..., so that if anything happened with the operation as far as the factory, it would be a stand alone. Like it did when it went into bankruptcy. Let the college run the college as such and the industries, let them float or sink on their own.

Based on the "1985 Brown report" (see Appendix A for a detailed description of this report), the Church's national headquarter's executive committee recommended "that the industries should be set up separately from the college to be managed to stand or fall on their own." The "1985 College review committee" (see Appendix A) recommended:

> that the independent operations of the college (the industrial enterprises) be reorganized so as to be largely owned and operated by non-college business interests who will run them on a for-profit basis, paying the college appropriate rental and other reasonable costs and employing students according to demand and on a priority basis. This configuration allows college management to focus its major efforts on the reason for existing - that of education - and relieves the college of heavy financial obligations and the responsibilities of operating industries.

The Church's national monthly periodical provided to all Church members reported the rationale of the planned ownership change as follows:

> It is therefore necessary that safeguards be put into place to assure that these academic, financial and industrial situations do not arise a second time.
> I. Academic Safeguards
>   A. Academic operations will be organizationally and functionally separated and insulated from the industrial operations....
> V. Industrial Safeguards
>   A. Separate the College-owned industries from the academic operations by June 30, 1986.
>   B. Establish a new not-for-profit corporation to hold the assets and liabilities of the industries and farm....
>   D. Encourage private investors, and/or corporations supportive of the [Church's] education work-study concept, to purchase and operate the industries and farm.

A. Domain

As noted above there was much more discussion of domain issues during this period than had been the case in previous periods. I will divide the discussion here into products issues and markets issues.

Products One interviewee, whose tenure with the Factory extended from 1981 to 1983 (i.e., just prior to this pivotal period), described the products as follows:

> [The Factory] sets were competing with lower end lines. They weren't competing with the really high class, high quality stuff. And yet they tried to have higher quality low end sets. They would say that their foam was better. They would put a better grade of foam. When I was there they went to all hardwood frames. So they were trying to be the best of the budget market.

In their consultants' report Ross Associates (see Appendix A for a description of their report) described the product line as follows:

> [The Factory's] current line is comprised of 40 style numbers.... The top five style numbers represented 70.7% of the dollar volume shipped. The top ten styles, or 25% of the styles offered, accounted for 82.8% of the total dollar volume.... Of the total forty style numbers, there were nine styles which sold fewer than fifty pieces each during 1981, and another seven styles which sold between fifty and one hundred pieces. Therefore, forty percent of the line is extremely low volume, selling less than 100 pieces per year.

They recommended two revisions to the "marketing strategy": "reduce number of style offerings" and "simplify pricing procedure."

When Tom Green visited the Factory prior to accepting the offer to join, he described the products as "very promotional type material." He said that "the largest volume pieces of furniture that they were manufacturing were the loss leaders that furniture manufacturers use"; it was "volume and not that much profit on the bottom line." White agreed with Green that "the reason why we were losing money was that we were putting too much quality into a piece of furniture and yet we were competing with the people that were selling it real cheap."

As noted above in the domain values section (section 5.1 (B)) Green wanted to move the product line to a "higher end." He convinced the Factory operating board of the need to make this move, and on June 5, 1984, the directors:

> voted that [the Factory] commence to transfer their efforts towards getting into a middle-of-the-line quality furniture. It was further voted to establish a small high-end quality line ... to enhance the image of [the Factory].

In November, 1984 in an attempt to produce products with higher profit margins, Green influenced the Factory decision-makers to enter into a licensing agreement with a "high-end" furniture manufacturer located in North Carolina, Clayton Marcus. White was in full agreement with the pursuit of this arrangement. In a letter that he wrote to the president of Clayton Marcus, he stated that "if our program is successful and we can make our margins I would have no problem in turning our complete production over to designs produced under license."

There were problems in effecting this agreement with Clayton Marcus. There were difficulties in coming to agreement regarding the brand name that the Factory could use for the new products. The Factory did not want to buy some of the tools required due to the expense, so they "tried to buy some of the parts" from Clayton Marcus. There were shipping delays and the Clayton Marcus factory tended to its own needs before servicing the Factory's needs. The production process involved with Clayton Marcus products was quite different from other Factory products. The seat springs were "eight hand tied", which is virtually an obsolete technique involving a skill that "only a few guys know how to do anymore." Therefore, employees had to be sent to the Clayton Marcus plant in North Carolina to learn the skill. The frames had to be out-sourced, because a "doweling" process was used that the Factory was not equipped to do. There were also problems in negotiating terms of the licensing agreement. A final stroke against the line was that sales of the Clayton Marcus furniture were never impressive.

As a result of the problems and the poor level of sales, by April, 1987 the Factory management determined that they would no longer be associated with Clayton Marcus. They contemplated "the feasibility and profitability of developing" a "high-end" line of their own. However, rather than continue to produce a closely similar product, they decided to sell that part of their business to a former employee of the Factory, who owned a small business involving mostly re-upholstery work.

At this time the Factory members possessed a high level of pride in their furniture. They were confident of the quality of their product. Green claimed that due to this confidence, the Factory offered a very good warranty on its products:

> We had the warranty program that we put in place and we had these great tags that were hanging on the furniture with a five year or ten year warranty or whatever it was. And so we were leading the industry at that time with the warranty program. We had our own but we doubled it compared with everybody else. And then hung it right out front. It was very impressive.

This confidence continued throughout the period. In the March 6, 1986 edition of the College student paper, the Factory's domain was described as follows:

> [The Factory] has a good name in the market place, with many dealers preferring [the Factory's product] even though prices are a little higher than competition. In addition to the regular business, we are beginning to do business with some of the major department stores.... The ... Clayton Marcus Collection is a new line of high-quality, high-priced furniture just recently introduced to the Canadian market. It has been very enthusiastically received. There is very little competition with this class of furniture and we expect it to contribute greatly to our financial growth and health.

During this pivotal period, decision-makers considered the possibility of changing the domain of the Factory to an entirely different type of furniture. The College board considered the possibility of "closing the upholstered furniture manufacturing business and starting a case goods plant." A variation of this case goods domain option was to work in conjunction with a sister college's woodwork factory, which produced case goods furniture. In March, 1985, the Factory board "voted to pursue negotiations with Kiel West [general manager of the sister college's factory] and College Woodworking for [the Factory] to purchase and assemble parts." One intention of this pursuit was to take advantage of College Woodworking's marketing ability. They were able to successfully market their product while achieving a reasonable profit margin. This option was never implemented.

Markets In the early part of this period, the Factory's customer base continued to be situated in Western Canada. In 1980, in an application to a government economic development program for "assistance in domestic marketing, financing, plant operations, product design, and research and development", it was reported that the Factory's market was comprised of 45% customers from Alberta and 55% customers from the rest of Western Canada. In the 1982 student year book, the market area of the Factory was described: "Products are sold to retail stores in B.C., Alberta, Saskatchewan, Manitoba, Ontario, and the Northwest Territories."

The customers tended to be small merchants. One interviewee described the markets as follows:

> It seemed like we were selling to a lot of smaller stores, you know, the local hardware store ... that would sell furniture as well. I know that several times that I was there we had people from the larger - the Sears and the Woodwards - the ones that could place orders of 500 sets instead of the onesies and twosies and I think we did some of that at the time.

During this period the management perceived themselves as moving to a more "aggressive" style of marketing their product. White attempted to convey this move to aggressiveness in a letter to the president of Clayton Marcus:

> We have also taken on a much more aggressive approach to this industry. Where a year and a half ago we had a sales manager and two sales persons, we now have a sales manager and eight sales persons.

The shift to a "high end" product was one part of this movement toward greater aggressiveness. Following the introduction of the Clayton Marcus line, Green reported an increase in the acceptance of the Factory's products by some of the big department stores, such as the Bay and Sears.

Once Green accepted that the Factory could not retrench to a "cottage industry", he attempted to increase the market "across the country." A show room was opened in Toronto. This move led the management to believe that they had "achieved recognition as a national company." Green prepared to expand the Factory's market into New York and Seattle. On July 17, 1984, he reported to the Factory operating board that

> The initial studies and contacts have been made to enter the Greater New York Market area and also the Pacific North West Market. A report to be presented at the next Board Meeting.

At the next board meeting on September 7, 1984, "it was agreed to enter into the export markets of New York, and Washington State. The initial results of which will be reviewed in three months." To export into these areas, Green planned to "sell to a local agent and ... ship container loads", but he left the employ of the Factory before these arrangements came to fruition.

Green's successor with the guidance of the board did not continue with this market expansion at that time. By October, 1985 (approximately seven months after Green's departure), the new management determined that the "volume of business is currently too small in that market [eastern Canadian market] to be economical.... We agreed that we either need to build that market up or get out of it." In November, 1985 the Factory board "recommended that we don't actively pursue export markets until our production can properly keep up with current business."

In the spring of 1986 the Factory board again became convinced that it was time to expand their markets. In April, 1986, they "voted to approve the leasing of a permanent showroom in Seattle."

Another market focused upon for expansion during this period was the Church membership. In October, 1984 the operating board attempted to increase sales to this customer base by "ask[ing] the [Church] community for their support by purchasing [the Factory] products." To increase acceptance, they offered a 20% discount to all Church members.

B. Job specialization

The degree of job specialization changed little since the previous pivotal period. In one internal study conducted in 1982 "to determine the sales volume or price increase required to reach the break-even point", a recommendation was made to "keep employee activity per item brief for easier training." This desire is a continuation from previous periods to specialize to the point of making training of students easy.

C. Formalization

The trend toward greater formalization that was started during pivotal period P_1 continued during this pivotal period. While the trend had its start approximately a decade before this period, the degree of formalization was still relatively low just prior to this pivotal period. Key individuals who entered the Factory during this pivotal period perceived that prior to arrival there had been a low degree of formalization. When I asked one foreman who had filled his position from 1965 to 1980 if he remembered written policies, job descriptions, etc., he said that he did not. He thought that these types of things were communicated verbally. His memory is not entirely accurate, because policy manuals and job descriptions were written during the 1970s. The first available written employee personnel policies are dated July 1, 1974.

Emery had this to say about the "attitude" in the early 1980s:

> There was a very lax attitude about people coming in and going out whenever they wanted, sort of thing.... It was just, it is just that family sort of attitude. There was a/ I know for a fact the business of talking. People would get together and visit. They would visit for 15 20 even 30 minutes. And they're not talking about how we can do a job better. They're talking about either vehicles or problems they're experiencing at home or something like that. There was in essence a lot of lost time.

As noted in the organizing principles values section above (section 5.1 (D)), the College administration, the Factory operating board, Factory members and the Holdco board valued increased formalization of various types. There were repeated calls for written job descriptions and written policies. These requests were not always followed (hence, the need for them to be repeated), but they were followed somewhat. Just prior to this pivotal period an "employment regulation" form was developed for employees to read and sign indicating their willingness "to abide by them for the duration" of their employment. In 1985 an "inspection points block diagram of operations" document was prepared. A "job descriptions and pay levels analysis" document was prepared dated July 1, 1985. In August, 1986 "job description questionnaires" were distributed to and completed by production department supervisors. In January, 1982; January, 1985 and July, 1987, the employee manual was updated.

When Holdco took ownership, there was a significant increase in the degree of formalization. Many more policies and job descriptions were written. After Inglis and Thomson joined the Factory membership, the amount of written material and the number and type of committees meeting regularly increased dramatically. (More detail regarding this increase is provided in the discussion of meetings in subsection G below (planning and control systems).)

D. Recruiting, hiring, and indoctrination

In this section I will address several issues relating to recruiting, hiring, and indoctrination: labour markets, authority to hire, pressure to hire students and the extent to which they were hired, worship meetings, and scheduling of work.

Labour markets Just prior to and into this pivotal period the labour market from which student workers were drawn remained the same as previous periods (i.e., students from the College), but the labour market from which full-time workers were drawn changed. Just prior to this pivotal period a significant change occurred in the selecting and hiring of full-time employees: the hiring of non-Church members. Kennedy recalls hiring the first non-Church members in the late 1970s:

> We started hiring people from outside of the church. We were criticized very heavily for that.... I don't remember who the first person was.... It wasn't management. It was a production worker.

The criticism, according to Kennedy, was:

> They [the critics] just felt that this should be for our people. It was owned by the church and it should be for our people. It was a bad influence on our other people and this type of thing.

By the late 1970s the management felt constrained to develop "a policy that we would hire the best qualified person." According to Kennedy, the hiring of non-Church members began as a result of need. The Factory managers were not able to find enough Church members willing and able to work so in order to maintain the production levels desired, they felt constrained to look outside of the Church. One foreman observed: "They couldn't get enough help so that's when they started hiring anybody that would come and ask for a job." Initially this policy applied only to non-management positions. When Green became general manager, he "was told that [for the management 'team'] they didn't want people from outside the church being brought in there." He said he did not agree or disagree with this policy. He understood "the reasons why and there was no point in bucking the system." This policy held throughout this pivotal period. As noted above in the organizing principles values section (section 6.1(D)), there was resistance by a small number of Factory members to this policy. The proportion of non-Church members in non-management positions gradually increased through this period.

One interviewee, who began as a student worker in 1956 and worked as a low-level manager from 1963 to the present with two periods away (one for eight months in 1963 and for four years from 1981 to 1985), believed that the *raison d'etre* value of student labour provision was lost due to the hiring of

> guys that had nothing to do with the church. They'd come to work and they'd go home and you wouldn't see them until the next day. You had nothing in common. When it was all church people you had baseball games, you had you know things as a group that you did in the evening too. And everybody was everybody's friends. And then you start hiring people that weren't part of the organization and they were there strictly for the money. And when people put money as their number one goal, morale goes down the tube. It's me me me that's the whole/. Instead of a group thing it's a me thing.

Authority to hire During this pivotal period, the Factory management was given much more authority to select and hire its employees. There was some change made between periods P_1 and P_2. There was a decline in the direct involvement of the College board in the selection/hiring process. Foremen "were no longer considered board-hired" employees. Kennedy guessed that that change occurred around 1976 or 1977. He recalls that they were still in the old factory building and Neilson was College president. In September, 1985, the College board gave Whitehead "authority to hire up to senior management, as deemed necessary." This authority was shared with lower-level managers. The top management gave them more input into hiring decisions during this period, especially following Thomson's arrival at the Factory, because "he figures the supervisors should get involved in it [i.e., hiring]."

The Factory management also exercised more control over the hiring of students. The College student employment officer described his involvement in the recruiting and selection process:

> My job basically was to find jobs for students in any industry they can. So I would go and meet with the people at the factory, decide how many students they wanted and then find the students. Then do a pre-interview. That was the ideal thing they wanted. They didn't want to review everybody. I had to do the pre-interview. Ability, the type of job they were suited, how long they were going to be around on campus, how many hours they had. After I screened them. Then I would send

> them down there.... I had kind of a screen and I made sure I gave them the kind of people they were looking for. And my incentive for doing that was that if I gave them students that weren't suitable then they would by pass me and hire people from the village. So I had to really make sure that I was in their good books.

Pressure to hire and the extent of hiring students Students were still hired during this pivotal period, but there was not as much pressure from the College board and administration to hire students. No quantitative objective of hiring a set proportion of students as compared to other workers was stated for this period as had been the case in period P_1. Hendrick said that during this period students were hired when possible, but the rule of thumb became "if students [were] a problem or [were] holding up production, [the Factory personnel would] start hiring full time workers." Hendrick explained that College administration and the board no longer "forced" Factory management to hire students to the extent they had in previous times. The Factory operating board did not put pressure on management to hire students. One Factory board member did not perceive the proportion of students to non-students as a "big issue":

> Oh I think it was probably brought up sometime as to how many full time and how many students you have but I don't remember what they were and it was felt whatever full time employment they had they needed. They were using students wherever they could and so I assumed that that was correct and then again at that time it wasn't a real big issue. The big issue was if you had to get rid of all the students just to keep it and get it reorganized to get going then you know do it or whatever.

Jackson noted a change in the emphasis on hiring students when Green became general manager:

> When Tom Green came in, if students were not producing then you know hire a full time person if that is the case and what you need to do. So that was certainly a different emphasis in the philosophy of having that factory.

It is important to note that he saw this situation as a change in emphasis, not a total disregard for students. In the interview he went on to say that he "was still working very closely with the [College] administration ... [to determine] how many students we could hire and so on." Inglis perceived the crisis at the Factory to be so severe that productivity had to be the criterion by which workers were selected, but he did not totally disregard the hiring of students. He had this to say about the hiring of students as compared to full-time workers:

> Some of the time when I was there we simply had to take the person who was going to be the most productive because of the need to survive, the survival process. You said, 'Hey, I just can't settle for training a student right now because I still have to produce X number of sets today to survive.' I would say again and you know you're talking now at least 5 years down the line or more. Looking back I think 75% of the time I would have given students preference myself. Now that depended on the individual who is dealing with the students. You know Chris had been there a lot longer than I had and I think he had become a little bit for a while at least jaded with the process and he was the production manager much more under the bubble for production and his natural process would have been to get the person the most productive. I doubt that Chris would have given you the same weighting. But I think as a group we tried to as much as possible we still tried to give preference.

The actual percentage of student wages paid compared to total wages paid did drop from an average 31.41% student wages during P_1 to 19.42% during P_2. However, most of this drop occurred between the pivotal periods. From 1972 to 1983 the average percentage of student wages to total was 20.80%. The number of students employed remained relatively consistent at approximately 60-70 students throughout periods P_1 and P_2 and between the periods.

Worship meetings As in previous periods no formal orientation or indoctrination was conducted. In previous periods and for part of this period, worship meetings were held each morning. Worship meetings were discontinued during this pivotal period. In July, 1985, White sent a letter to Factory board members stating that the operating board had discussed worship and while there was not a quorum at the board meeting, he was reporting a change in regard to worships: a "short announcement period/worship of no more than five minutes per day" within each supervisors group would replace "a combined worship of 15 minutes per day." The rationale for the change was that worships were "costing the operations between $20,000-$30,000 annually." Apparently as far as decision-makers were concerned, there was no compelling reason to continue worship meetings. One board member does not remember discussing it or that worships were even an issue. A foreman from the period remembers it being more of an issue as far as the members inside the Factory were concerned:

> One of the problems [with worship] was it got to the point where they had so many non [Church members] working.... They would never come in for worship.... They felt they were on a contract ... and so some of them would be out there pounding nails or putting in staples while they were trying to have worship. It got to be a lot of conflict.... Hourly workers were [paid during that time]. Contract workers weren't. You get paid for what you do not by how many worships you attend. I think that's basically how it fell apart there was too many conflicting/.... Well, it was [discussed] in a foremen's meeting and I don't remember if it was just up to the foremen as far as the decision or how it actually ended or what. I know it had come up quite often and finally they just decided there was not really any point. They can have their worship at home.

Scheduling The coordination of College class schedules with Factory work schedules continued to be an important element impacting the recruitment and hiring of students. During this pivotal period, Factory management came to view work attendance by students as a major concern. The Factory management wanted students who had school schedules that allowed them to work at least four hour blocks. They also wanted students who were able and willing to attend work for all their scheduled shifts. As in previous periods, situations that led students to want to absent themselves included: various school-related tours (e.g., band and choir) and vacations (including summer vacation) that did not coincide with Factory holidays. The College officer in charge of student employment until 1984 reported that the Factory management became increasingly desirous of students being present for all work appointments. He said that the situation

> deteriorated at the end [of his tenure in 1984] to the point where the industries started putting demands on the school saying 'Look if the guy takes choir or band [or] doesn't work in the summer, we are not interested.' And so it became in the end a big problem. Then up at the school not only were they losing money and said 'Man, let them do their thing. Let's not pressure them into hiring students.'

This student employment officer reported that while he held that position, there were regular monthly meetings between College members and College enterprise members to attempt to schedule classes and activities to facilitate student work. These meetings were a time that the enterprise members could voice "their side of the problems" associated with student employment. These meetings were not as frequent after this person left the position in 1984. The following comment by the Factory production manager indicates that Factory management were not satisfied with the scheduling:

> Well the problem is it got to the place where it was you didn't get a whole lot of cooperation from the college. Like you know they kind of set up their curriculum to run according to them, didn't really give a rip about the industries or support the industries with student labour. Like they'd have holidays have their own holidays and it wasn't a statutory holiday and kids would go home and they'd shut down the cafeteria and dorms at Christmas time and kids would have to find their own place to stay to work and stuff. You can't, when you run a business you got to run a business like the business world. You got to shut down on statutory holidays and you can't shut down for the whole month of December and stay in business because if somebody needs product they need product. You gotta work.

However, the College president at the time, Hawthorn, explicitly demonstrated that he understood the issue and contended that he attempted to accommodate the management of the College's enterprises. Referring to "student work opportunities", he made the following comment:

> Some tensions and inconveniences arise because academic standards demand a commitment to and time for study, tour groups and campus activities attract the attention and interest of students, and industries require a solid block of time from students in order to train them and then to get efficient production from them. Scheduling of classes and labs cut into the work hours which are required by the industries. You get the picture. There has to be some give and take. We have one or two grand pow-wows a year to help sort everything out and to enhance understanding, cooperation and peace.

Not all of the College faculty were as willing to accommodate work schedules. The College student employment officer reported that many "academic people" believed that students "had to study [and] that's it!" He went on to say that the administration attempted to have classes for various class levels scheduled in morning or afternoon blocks making it possible for the students to work large blocks.

Another scheduling issue arose following pivotal period P_1: the scheduling of work on weekends. In 1973 the Factory management discontinued regular scheduling of weekend work. Previously, work had been scheduled on Sunday to allow opportunity for students to work more hours each week. In January, 1973, a memo was circulated stating "New working hours." It stated that "there will be no work on Sundays." After this time, work was scheduled on Sundays from time to time to allow for extended holiday breaks. For example, for a holiday weekend, work would be scheduled on the Sunday prior to the holiday weekend to allow for two days off on the weekend rather than one. This special scheduling became an issue during pivotal period P_2, and in August, 1985, the management council "voted to eliminate Sunday work for at least August and September."

Except for the weekend work scheduling issue, the same issues surrounding scheduling continued from previous periods. However, during this pivotal period the contentious positions of Factory management and College administration and faculty became somewhat more polarized. The Factory management became more rigid in their demand that students attend regularly in four hour blocks and the College faculty became somewhat less sympathetic with the need for students to work.

E. Training

During this pivotal period, management discontinued the practice of progressively training students in the various production departments. Hendrick explained that this change was due to training costs:

> It took an awful lot of training. Whereas now I mean like if you get somebody you hire them and train them in upholstery. You only train them once but there [in the past] if you hired somebody new you had to train them in the millroom and the guy who moved from the millroom to framing you had to train him and then the guy who was framing and moved up you had to so it was train train train everywhere and you know it's just you're always on a training program there. Where now if you get somebody in the millroom you just train them there and he usually stays there till he dies or else if he's really awesome you move him up or something to something else.

In previous periods, student workers generally started in the millroom and worked through the various departments until they reached the upholstery department. As one interviewee put it, during this period "they started pulling guys off the street into upholstery." Hendrick explained that this was done to reduce the need to train. He also believed it was necessary because students tended to "turn over" faster than they had in previous periods. That is, in previous periods they tended to stay with their job in the Factory throughout their time at the College, but by this period they tended to "jump around" to various jobs on the campus.

F. Compensation systems

From the pivotal period P_1 until late in pivotal period P_2, compensation systems and issues surrounding them changed little. The management continued to be paid based on the Church's denominational salary scale, and the remaining full-time workers and student workers continued on a combination of hourly and piece-rate compensation. Complaints of inequity in piece-rates continued. All of the managers interviewed from this period favoured piece-rate wages, because they believed they were a motivating force and they liked the fact that they "knew what the cost was going to be" to make a piece of furniture. There were continued complaints that upholsterers made too much. For example, one employee reported a rumor he heard:

> Well I know one thing I heard was that Tom Green came in and the first thing he did was he started cutting piece work rates. He said there's no way somebody in the back is going to make more money than I am.

Management continued to report difficulty in attracting qualified people for some positions because of the requirement to stick to the denominational scale. Inglis argued that this scale caused problems in hiring on both the high and low end of the scale:

> For example, pay structures in the church are skewed. You end up paying the secretaries as much as you pay the president. And the policies and all the things that go with the church was almost impossible to work within. You couldn't hire people at minimum wage for example even if they were minimum wage work because the church didn't anticipate that type of a worker. Within the church you had to pay according to the existing laid out parameters and it was difficult in some cases to attract someone to go above the church rate or in some cases to go below.

Virtually all general managers as well as the members of both the College board and the Factory operating board from this period agreed with this argument. In June, 1984, the Factory operating board passed this motion:

> In light of the problems associated with obtaining key personnel because of salary structure etc., it was voted to ask the College Board to look at the [Factory] operations as a business to be run outside of the [Church's] Guidelines but not necessarily as an incorporated business.

In the end decision makers decided to set up the Factory as a separate corporation.

When ownership was transferred to Holdco, several significant changes in compensation occurred. The board attempted to move to "community wage or market wage." This meant raises in top management wages. Inglis reported that he did not think any employee's wage was lowered, because it would be too difficult to gain acceptance. Employees no longer participated in the Church's retirement plan. On June 30, 1987, approximately a year after Holdco took ownership, Factory employees were no longer given tuition benefits for their children who attended the Church's educational institutions.

When I asked Holdco chairman Emery if a fundamental philosophical change had occurred regarding compensation at the time Holdco began, he replied:

> Well I think it was a case of survival.... We did look at the piece rates... and there were increases in some and decreases in others.... It was a case of saying 'okay when we look at our total cost and the various components that went into there, how much does it cost us to put that together and are these costs reasonable in putting that unit in place?' And so there's actually time-motion studies.... It was done on the basis of trying to really be scientific about it in the sense what does it really cost us to put this thing in place?

Shortly after Holdco took ownership, all contract rates were "suspended and replaced by hourly rates" and "all non-contract hourly rates [were] reviewed and adjusted." A similar action was taken during the previous pivotal period. The motivation was also similar: to get the rates on a more equitable and rational basis.

Factory employees were confused and resentful about the changes that took place in their compensation when Holdco took ownership. One interviewee explained:

> A lot of employees figured they got shafted. Which I think maybe I kinda felt the same way too, because when it was part of the school we were employees of the church. We were entitled to the pension thing when we reached 65. And all of sudden they formed this [Holdco] and they told us 'okay you're no longer employees of the church. It's owned by the church but you're not employees of the church so your pension deal is cut off and all that good stuff that goes along with it.' So then it's just like 'you guys are just a little bit lower than some of the rest of us. We're preachers and teachers. We're the elite and the rest of you guys it doesn't matter what you do. You're kinda scum.' Yeah there was some really hard feelings over that.

G. Planning and control systems

I will begin this section by discussing the decision making process. Specifically, I will address who made decisions, their perceived effectiveness, and the degree to which student employment concerns were considered in making decisions. Following that I will address other issues involving planning and control that members considered significant: costing systems, computer systems, and budgets.

Decision making During this pivotal period there were major changes in the board that had authority over the Factory. During the early part of this period a committee of the College board was set up to function as the Factory operating board. This operating board was given "power to act." The College board retained "authority to appoint the [Factory] General Manager and to authorize single unbudgeted bi-monthly renewable expenditures of $10,000 or more and any unbudgeted expenditures in excess of a cumulative amount of $25,000 per budget year." The intention in selecting members to serve on this board was to choose "knowledgeable people who have had experience in significant manufacturing/industrial/business enterprises." A second change occurred when ownership was transferred to Holdco. Then the Factory's corporate board had ultimate board authority. This board's membership was identical to the Holdco board.

Neither board members nor Factory members perceived the boards (i.e., College board, Factory operating board, and Holdco board) as being effective. A common complaint of Factory management was that the board was slow in making decisions, that it often did not place a high priority on matters relating to the Factory (i.e., board members were disinterested), and that its members lacked business expertise. One interviewee explained why the slowness occurred and its effects:

> The board only met quarterly at the time. But when you have a business that you are running, you can't wait three or four months to make major decisions on an industry.

Henderson-Feris, in his consultant's report (see Appendix A for a description of the "1984 Henderson-Feris report"), observed that the board did "not meet frequently enough to be conversant with the problems." The Factory management also believed that the College board was not that interested in making business decisions. Matison, who was a Factory member from the founding period, perceived that the College board members "lost the interest" in the Factory during this pivotal period, because they had "so many other things that they were having trouble with at the College." Jackson said virtually the opposite: "They [College administration and board] pretty well left us alone when we were not doing too bad." They were not doing well during this period so he said a great deal of attention was focused on the Factory. However, they did not get the kind of attention that they wanted. They complained that the College board members lacked expertise to give them the kind of direction they needed. The following foreman's comment is representative of Factory members' perception that the board members did not have the expertise to make "business decisions":

> You get people running the college who are education-oriented not business-oriented. And still they were making decisions about the business that really they had no business making. They shouldn't have been involved and I think the board started to see that 'Hey this is not going the way it should be.' Preachers on the board of a business and teachers on the board of a business don't necessarily make for good business. Just because they've got a degree in school or a position in the church does not mean that they know anything about running a business.

Kennedy contended that the lack of board expertise was his "big problem" while serving as general manager:

> A big problem over the years was basically working with the board who on the whole the majority were ministers, didn't understand business, didn't know what competition was. Dealing with that was probably my biggest frustration about being there.

He said they were not qualified to give direction:

> They were there to say 'yes' or 'no', 'yes' or 'no' type of thing. They weren't there for direction. We had to go to them with direction we wanted, to go and have them say 'yes' or 'no.' Was basically the way it functioned. They didn't do anything in directing the operation.

At this point he spoke of his desire to have a board that "could offer guidance" as discussed above in section 6.1 (D). White, who served in Factory and College positions during this period, also believed there was lack of ability on the part of board members to give guidance:

> I don't know about the church people being on the board and yes you hire the general manager but the general manager doesn't have anybody to give him any guidance. Because they don't really understand the problems.

In his consultant's report (see Appendix A) Henderson-Feris expressed the belief that there was "a lack of direction" from the College board:

> As to the management structure, the relationship between the operating management and the Board needs to be redefined. Management should be given specific goals, and there must be regular meetings to monitor progress. There is currently a vacuum in this area, causing frustration and a lack of direction.

Inglis simply thought that the College board members were primarily interested in matters pertaining to the academics of the College:

> One of the major concerns before [Holdco] was that the college board would meet and it would deal with a whole bunch of academic and college type issues and by the time they got to the industry issues either they were worn out or all hostile or whatever.

This perception of board ineffectiveness continued with both the Factory operating board and the Holdco board. Two of the members of the Factory operating board told why they thought this board was not effective. As a board and as individuals on the board, they did not have the perception that they were being listened to: "You feel sometimes you just go through the motions and then no action was taken." Neither believed that the board had much "power to act." One said: "I knew we were a board under the College board and any action that we took basically had to be approved by the College board as I understood it." The other said: "We had no shall we say any authority to make them do the things. We can only recommend." Hendrick, the production manager, thought that the operating board was "a joke", because

> it really doesn't matter what kind of board you get they really don't get involved unless you got money invested in a business. Otherwise they're here for just/. They're on a committee and they see the figures and they go over the figures and they pat the guy on the back or kick him in the rear, but they really don't have any answers or no direction ... Because the thing is everybody has their own business, their own job.

The members' perceptions of the Holdco board were similar. Inglis perceived that disinterest on the part of the board members did not change with the introduction of Holdco. In fact, he charged that there was so much overlap between the College board and the Holdco board that there was a conflict of interest when it came to issues of transfer payments from Holdco to the College (e.g., rent, interest). The following comment is representative of Factory members' view that the change to Holdco did not greatly affect the way decisions were made:

> I think it was almost in the same cahoots, because there wasn't much difference as far as committee members. They were almost identically the same group. It just changed from [the College] to [Holdco] is basically what it was.

Since pivotal period P_1, there was increased participation in decision-making in the Factory. One interviewee, who was a foreman from 1965 to 1980, reported that he was included in decision making to a greater extent during the last ten years of his tenure. This trend continued through period P_2. An indication that decision-making tended to be more participative was the increase in meetings. During this pivotal period meetings became much more common and formalized. Between P_1 and P_2 there were management meetings. The above foreman, who reported the increased participation, reported that the supervisors had "meetings about twice a month and we'd all gather together and decide things." Irvine, who was a secretary/accountant from 1976, reported more frequent supervisors' meetings. She thought they met every few days. Between periods there were also top management meetings.

During this pivotal period these management meetings became more regularized and frequent. Supervisors met daily to "plan what orders had to be done that day and what had to be out and who was putting the pressure on." Top management had "administrative council" meetings and later "management committee" meetings. In a September 17, 1985 meeting, the minutes stated that regular "administrative council" meetings, which involved members of top management, were to be held weekly. It appears that this was a beginning of intended regularity and/or increased frequency, because the report states that "[we] may need to spend up to two hours for the first few meetings since we are in a catch-up situation." In the available documents, there are minutes of this committee from September to December, 1985 on a regular basis. Then there are no minutes until April, 1987. It appears that this committee continued to meet in the intervening period, because on April 8, 1987, a "management committee" met and the minutes stated that this committee would "replace the former Management Committee." Then on April 30, 1987, it was stated that the committee would "now meet two times per week."

Throughout this period and especially late in the period, the number of committees set up holding regular meetings proliferated. Beginning in April, 1987, there were minutes from and references to numerous committees' meetings: development; maintenance; inside sales, production, schedule and customer service; credit and collection; management; new product development; fabric; and budget. The impetus for this increase in formalized, regularized meetings was attributed by other Factory members to Thomson.

The final aspect of decision making that I will address here is the degree to which student employment concerns were considered in making decisions. During this pivotal period student employment effects were not taken into consideration in decision making. Survival took precedence over these considerations.

Costing systems and computer systems Cost analysis was a big issue during this pivotal period, and issues involving computer systems were closely linked. During this period there were frequent complaints about the adequacy of cost information. Hendrick said that while Kennedy was general manager, "they knew their costs pretty good, but after that she went down hill pretty bad." There was a difference of opinion between the analysts in R&D, who did the costing, and other management personnel about the adequacy of costing information. Sam Isaacs, the cost analyst from 1972 to 1990, told it this way:

> They (top management) had some questions on whether the bill of material - the manual bill of materials - that I had was sufficient, that it was doing the job. Well, like the list of items that goes into it.... That is all that is required and the different operations to put it together.... I had a manual listing of those costing. And they weren't, because we were loosing money and sorts of things like that, they would say 'Well you can't have everything in there.' Or if the price was too high you say 'Well you've got too much. The competition are selling it for fifty dollars less, so there's got to be something wrong with what you've done.' So that was kinda the old battle that we always had. You'd cost it and bring it out and 'well no that can't be right. We've got to be able to sell it for fifty bucks less or a hundred bucks less to compete.'

Other top managers expressed a lack of confidence in the costing system. They were not confident that they knew what their product actually cost them to make. The costing was a projected cost of making products. There was no actual detail costing during this period. When Thomson studied the Factory operation in September, 1986, he had this to say about the system:

> I was disappointed in the present costing system. It appears to have been built on past performances, etc. This creates a very loose bastardized form of costing. Without accurate costs it is impossible to have a solid base for cost controls.

During this pivotal period, the managers believed they needed computers to adequately do costing and other accounting functions. In 1975, the College board approved the "Industrial Development Committee's" recommendation to purchase a computer system as an alternative to the "proliferation of clerical help." This computer (a Digital) only had capacity to do basic general ledger accounting.

When Green came in 1983, he was convinced that a new computer system was needed to address "the lack of control as far as the paper work was concerned." In his report (i.e., "1984 Henderson-Feris report" - see Appendix A), Henderson-Feris

> strongly recommend[ed] that a micro-computer, more specifically the I.B.M. PC with the Lotus 1-2-3 software, be purchased in order that the Accounting Department can track both market and pricing trends, as well as being able to produce financial models that will enable them to offer clear guidance to Management.

Following this recommendation, the College board approved the purchase of two IBM personal portable micro-computers.

In July, 1984, the Factory board "voted to request the [College] Board to approve the leasing or purchase of a computer system... that a Qantel system be obtained unless IBM could be persuaded to grant a substantial price reduction." Then in January, 1985 the Factory board "Voted to authorize H. White to proceed with placing the order for a Qantel Computer System." This was to be a much more integrated computer system than the Digital. It was "a comprehensive system providing Payroll, Accounting systems, Purchasing, and a Manufacturing package which contains Order Entry, Scheduling, Material usage, Cost, etc." They hoped it would give them

> manufacturing information as well as accounting information. It was a full MRP - material requirements planning system - so it would even do forecasting for them.... They were expecting it to do inventory control which they weren't getting out of the old one. They were expecting great things from the computer system.

Shortly after the Factory bought the Qantel, the company that sold it to them and was to provide support closed its local office. When Inglis "came he thought that the Qantel was a piece of junk." In spite of his dislike for the system, it was used until 1989, when a lease agreement was entered into for an IBM system.

Budgeting When White became the College financial vice president in 1980, he viewed "the budgeting process [for the College as being] fairly loose." Therefore, pertaining to budgeting his efforts were focused on integrating "all the industries into the school." When Thomson carried out his consulting study in 1986 (see "1986 Thomson report" in Appendix A) a few months prior to joining the Factory, he obviously did not think the budgetary planning was adequate. The following statement in his report demonstrates his disapproval:

> No factory budget! What basis do you have for control? None. How do supervisors exercise their authority? What is expected of them? What is the measure of productivity?

Projecting costs and other budgeting was something that members of the accounting department worked on during the period following this pivotal period.

6.3 Organization performance evaluation mechanisms

During this period success was measured more by financial scales (e.g., profitability measures) and less by student labour measures (e.g., number of students employed, wages paid to students, etc.) Often during this period, the general manager or the College financial vice president reported actual sales and net income, and budgeted sales and net income without any reference to student labour measures. In these reports explanations for losses or variance from budget were often given. For example, the reports made statements about unanticipated large fabric write-downs, the amount of interest and rent paid. The following quotations from two reports to the board illustrate:

> Although we are showing a loss of $884,419 I would also suggest that considerable progress has been made in improving operations. Included in the loss is a write-down of fabrics totaling $170,057 and an increase of interest expense of $149,175. Eliminating these two items would give us a loss of $565,187 compared to $778,849 last year. The budgeted loss was for $572,210

> On a more optimistic note, 1986 is a great improvement, with the expected loss at $327,000. This is loss after paying the bank interest of $205,000 and rent to [the College] of $241,500. To put it another way, during 1986 we will have paid the interest, provided student earnings of $252,000 and paid $122,000 of the rent to [the College] (or reduced the bank indebtedness by the same amount).

As the final quotation indicates, references to student labour measures were still reported, but they were not reported as often. Financial statements prepared for this period no longer included a breakdown of the student and non-student wages and salaries. Evidently student labour records were maintained throughout most of the period, because on March 9, 1986 Whitehead reported the following data for the years 1984-1986 to the College corporation constituents: number of students and non-students employed, number student and non-student hours worked, average hourly wage for students and non-students, and total student and non-student earnings. However, the accuracy of student labour data is questionable, because for 1984 there was a report of student labour amount to the board which differed significantly from Whitehead's report. Whitehead reported $305,519 for the year, while in 1984 the reported amount was $418,796. Whitehead's report is the last indication that student labour costs were separated from non-student labour costs in record-keeping. After this report, the only reported data pertaining to student employment are numbers of students working.

The provision of work for "support persons" was stated as an ancillary *raison d'etre* value during this period. However, no measure pertaining to these people was made. They were rarely mentioned in reports. An exception occurred in March, 1983, when Kennedy reported number of hours worked by students and student earnings, and then he added: "as well as providing work for many parents of students."

During this pivotal period, the student paper referred to Factory financial matters (e.g., "losses", "cash position", "shipping volumes", "financial health", "profit") several times. Only once did it report the number of students employed in the Factory. There was one evaluative reference in the student yearbook during this period. It included sales volume, average number of students employed, and market domain.

There was an attempt during this period to move to common financial measures of success. For example, in March, 1986, Inglis told the board that:

> It is necessary that the management and trustees of [the College] use accepted business tools such as return-on-investment and risk minimization in the evaluation of all financial proposals.

Inglis's recommendation was being followed. There was a movement to a focus on financial measures of success.

6.4 Emergent or prescribed nature of organizational design and performance evaluation mechanisms

During this period the most significant changes in design and evaluation measures tended to be prescribed changes. The following are examples of prescribed changes: study and implementation of rental rates, establishment of separate operating board, legal separation and establishment of Holdco, attempt to move to "high end" products, consideration of new domain (i.e., case goods furniture), more aggressive marketing including attempts to expand markets, increase in written policies, more regulations and job descriptions, increase in formal meetings, hiring/firing authority given to Factory management, worships discontinued, and regular weekend work discontinued. The most significant examples of emergent changes are: perceptions changed such that fewer managers were viewed as College staff, College administration increasingly took a more "hands-off" approach in matters regarding the Factory, the effects of decisions on student employment were not considered, the first non-Church members were hired into non-management positions followed by the implementation of a policy to hire the most qualified without consideration of religious orientation, progressive training was discontinued, and more emphasis was put on financial data and less on student labour data as indicators of success. Several of the design changes occurred emergently initially and then became prescribed. For example, the perception that lower-level managers were not College staff occurred subtly over several years and then their exclusion was prescribed when Holdco took ownership. After Holdco no managers were College staff. Also the hands-off approach by the College administration was prescribed when Holdco was established. The increased focus on financial measures of success that began emergently was prescribed in the "Statement of Mission and Terms of Reference" (see Appendix D) when Holdco was established.

The tendency to have more prescribed changes during this period is congruent with the desire to be more formalized. However, the emergent versus prescribed nature of change did not contribute to the explanation of change as suggested in the conceptual framework in chapter 2. As in previous periods, virtually all design changes were initiated by either by top management or from other elites outside the organization. There was a failed attempt by lower-level members to influence organizational design when they expressed their desire to maintain the hiring of Church members only. They expressed their desire in this regard, but they had no impact on the outcome. There is no example of lower-level members having their values embodied in organizational design and performance evaluation mechanisms. In some cases the lower-level members shared values with the top-level members and these were embodied in design. An example is the desire for more meetings. Both top-level and lower-level members expressed a desire for this increase.

6.5 Context: Environment and performance

Three aspects of the environment that members viewed as significantly impacting the Factory and its performance during this period are addressed in this section: the economic environment, the Factory's student labour market, and the constituent environment.

Economic environment For most members I interviewed, there was a perception that the external environment was a strong determinant of the financial difficulties experienced during this period. There was a general perception that their product was particularly vulnerable to economic changes. For example, Kennedy believed that "with furniture being a durable good it would be one of the first things to suffer when things slow down." More specifically, the members believed that the financial problems of that period were attributable to negative economic factors at an untimely period (i.e., immediately following the building of the new plant). Throughout this pivotal period there were repeated references in reports to the board and in board actions to the negative effects the economy had on the Factory. Interviewees and document writers often stated that the timing of the new factory building was not good, because the economy was "already starting to go downhill... before they moved in." Many pointed out that interest rates soared shortly after moving into the new building. Matison, sales manager at the time, described the market and economic environment and how he perceived its effects on the Factory at this time:

> We did open [in the new plant] then in February or March. We had a furniture show in Calgary in May. Had the best show we've ever had. We sold over a million dollars worth of furniture in 3 days. We were just ecstatic. Then recession hit us. By the end of August we didn't have any orders. Those orders got canceled or on hold and all this kind of stuff. So now we were sitting at the end of August with very few orders because the economy had gone down and sitting with a two million dollar loan and the interest rates were sky high.

Factory members also perceived a much more competitive environment as compared to previous periods. They noted that more manufacturers had established plants close to the Factory and competition from furniture manufacturers in the United Stated was increasing. The Canadian dollar was strong making imports more desirable. According to Factory management from the period, the whole furniture industry was weak. White said that competitors "were undercutting, but they were also losing money. It wasn't a tremendously lucrative business at that point."

There was a little more optimism regarding the economic environment late in the period. In March, 1986, the student newspaper's "Report on industry" reported that "the current furniture market is healthy." In the same month Whitehead reported to the board that "our market is healthy currently, as can be seen by the 28% sales increase for 1986."

Student labour market Factory management perceived a change in the student labour market. One top manager who had worked as a student in the previous pivotal period, made this observation:

> The mentality changed too with the next generation and stuff. When I worked there [as a student in the late 1960s], students automatically stayed. I mean holidays came you stayed and worked, but it got to the place when there was a holiday the kids would want to leave the day before and parents would phone you

> up and say 'you can't make my kids stay.' The thing is they'd say 'My kid's coming home and I pay my kids tuition and if you don't let them go home there's nothing you can do about it.'

He believed that "it got to the place where students didn't really want to work any more." Another middle manager, who is representative of management interviewee perceptions, suggested that perhaps the *raison d'etre* value of providing student labour had not changed as far as members of Factory management were concerned but that the de-emphasis on the use of student labour was "forced" on management because "student labour [was] no longer reliable or available." Jackson believed that the increasing availability of student loans caused a reduced desire on the part of students to work. Countering these perceptions, the College student employment officer had the perception that the students' parents still valued work opportunities for their children:

> Most parents decide that their kids work, even the rich ones decide that they work at least a couple of hours. I had many, many parents come and say 'At least let him work for his own spending money - two hours.'

One interviewee believed that the desire on the part of students to work was variable and that this variability depended on the students' homes:

> It depends on the kids' backgrounds. If they are from a good solid stable home, they're a working kid.... The kids that come from the broken homes, the kids that don't have stability at home are the ones that are flitting from job to job and the supervisors are saying 'No thanks.'

Constituent environment The constituency took a greater interest in the Factory at this time because of the financial drain it was placing on the College and the Church. Inglis reported that "on a fairly regular basis" Church members would approach him in one of three ways: (1) "severe criticism", (2) "severe support to use the same word", or (3) "long periods of 'Well if you do such and such', 'Why don't you do such and such?'" He described it as "a very fish bowl type of environment." White reported that the constituency was putting "a lot of heat" on the College because the Factory was losing money.

6.6 Analysis, summary and conclusions

In this section I highlight, examine and attempt to explain the changes in salient values and organizational design. Also I discuss the hierarchical nature of the salient values, the embodiment of salient values in organizational design, and the chronological ordering of salient values and organizational design.

A. Changes in salient values and organizational design

***Raison d'etre* values: P_2 compared with previous periods** All of the primary *raison d'etre* values that were established in the founding period and continued during period P_1 were still present during P_2. That is, individuals and groups still valued the provision of work for students for both educational and economic reasons, and they still valued profit attainment. However, the saliency of these values had changed. The cause of the saliency changes had to do with changes in the strength of commitment and sharedness, but more significantly it had to do with the new perception that these values were competing at least in the short term. The educational values of providing work opportunities for students continued to decline in commitment strength as it had in the previous pivotal period. In fact, by the end of the period the most powerful members did not value educational outcomes at all. Neither Inglis nor Thomson believed that the Factory's *raison d'etre* included the provision of work for students for educational reasons. The desire for profit was very strong throughout this period. Neither of these individuals valued the provision of student employment for economic reasons as highly as profit attainment.

These changes in saliency of the *raison d'etre* values are explained by a combination of changes in participants and perception of environmental constraints. As noted above the decreased emphasis on the educational value of student work coincided with changes in key members. However, during this pivotal period the perception of crisis caused by environmental factors also contributed to changes in the saliency of values. Virtually all decision makers were willing to set aside values relating to student labour provision in order to attain a profit which was viewed as essential to survive. Also this perceived threat to survival influenced decision makers to invite participants whose experience and expertise were more business-oriented, as opposed to education-oriented. One example of choosing participants with different values occurred when the decision was made to select members for the new Factory operating board with “manufacturing/industrial/business” experience. They did not look for individuals with education or training experience. Another example of selecting members with different values occurred during this period when new management recruits were invited to stop the losses regardless of the cost to student labour provision. The change in emphasis occurred as follows. Early in the period decision makers valued student labour provision, but they became willing to hold this in abeyance until survival could be assured. While incumbent members held these values in abeyance, they recruited individuals into key positions who did not hold the values with strong commitment (e.g., Inglis and Thomson). New management recruits were invited to the Factory with the mandate to eliminate losses. Green and Whitehead held the student labour provision values incidently, then Inglis held them with less strength and finally Thomson held them very weakly, if at all.

In summary, the most significant change during this period was that the desire to provide work for students was moved from a saliency position close to equal to the desire for profit to being held in abeyance by members, because they began to perceive these values as competing and they believed they must pursue profit in order to survive. The desire for profit was only slightly more salient than it had been in previous periods, but it was focused on more, because members believed they had to in order to survive. The desire to provide work for students for educational reasons continued to weaken.

Salient values pertaining to the organization’s principal and constraining types of activities: P_2 compared with previous periods Interviewees and document writers expressed domain, evaluation and organizing values more frequently pertaining to P_2 than they had for previous periods. However, the expressions were still quite parsimonious. These salient values were virtually unchanged from period P_1. Changes were primarily in the form of elaboration and increased saliency. The organizing principles values of separating governance and decision-making from the College and formalizing budgetary planning and control were similar to values held during P_1. However, these values were held with more commitment strength and more widely shared among the members during this pivotal period. The domain value of moving to "high end" products was much more salient during P_2 than had been the case during P_1. However, this value was held most strongly by Green. Other general managers that followed Green were not strongly opposed to it, but neither were they strongly committed to it. The P_1 domain value of focusing on larger customers likely continued into P_2 even though it was not expressed in the available evidence. The domain activity during the period suggests that larger customers were still valued. For example, Green commented with satisfaction that the new Clayton Marcus line of furniture was attracting large customers (e.g., the Bay and Sears). The desire to focus on financial measures as indicators of success was expressed much more pertaining to this pivotal period. This is consistent with the increased desire for profit, but even though it was not expressed as a value during previous periods, it was likely held, albeit, with less strength. The activity of the previous period (e.g., increased focus on financial data during P_1) indicates that this value was held.

Two other values pertaining to the organization's principal and constraining types of activities were stated, but they were not salient. The first value was the desire to focus on student and support persons employment data as indicators of success. In our interview Inglis described this focus as one aspect of the measurement of "complete success." I argue that this value is not salient, because although Inglis had high power, his commitment strength was not very strong and this value was not widely shared. I contend that his commitment to this value is weak, because documents that he wrote during the period suggest that he valued measures that focused on financial data much more than measures that focused on student and support person employment data. Also there is no indication that he did focus on the latter measures.

The second value (an organizing principles value) held by members with low saliency was the desire to maintain the hiring of church members exclusively. This value was stated in reaction to the hiring of non-Church members. It was held by a group of lower-level managers and front-line employees. Therefore, the members holding the value did not have strong power. The degree of commitment strength and sharedness cannot be established. While the report was purported to represent the views of full-time employees of the Factory, it is not possible to determine how many and how strongly members held this particular value. Because their power was weak and their commitment strength and sharedness are questionable, I contend that this value was not salient.

B. Hierarchical nature of the salient values

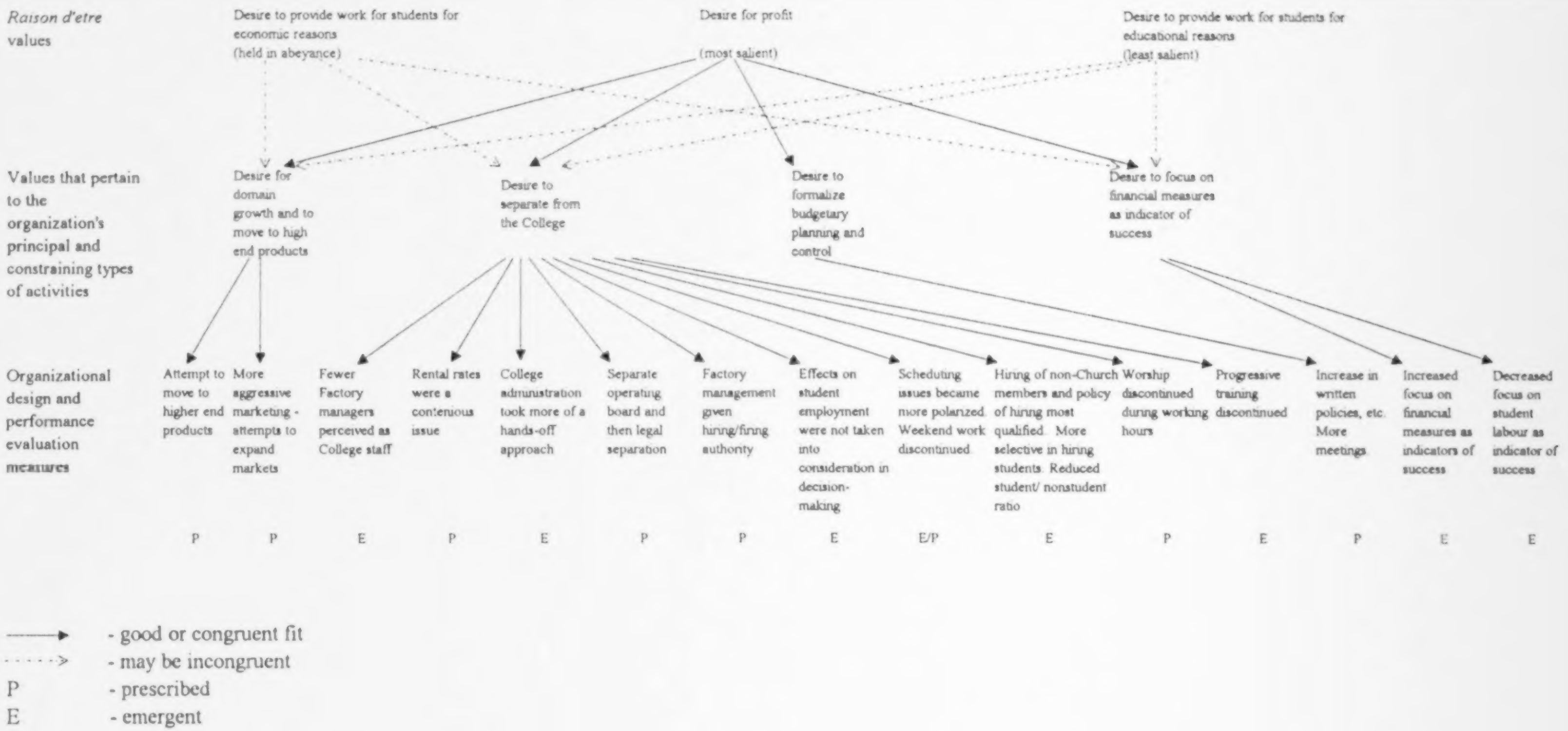
As was the case in P_1, all of the salient values expressed by participants pertaining to the Factory's principal and constraining types of activities were congruent with the *raison d'etre* value of seeking profit. Figure 6.4 diagrammatically illustrates this relationship. The desire to move to "high end" products and the desire to separate governance and decision-making from the College may be incongruent with both the educational and economic values of providing work for students.

If, as suggested above, the *raison d'etre* value of profit attainment is the most salient *raison d'etre* value, then there is congruity between the first and second levels of salient values. The logically hierarchical nature of salient values continues to hold for the most salient values during this period.

C. The embodiment of salient values in organizational design and performance evaluation mechanisms

The organizational design and performance evaluation elements are clearly embodiments of salient values. Figure 6.4 diagrammatically shows the embodiment of values in design and performance evaluations elements. The desire to separate governance and decision-making from the College is embodied in many elements: fewer Factory managers perceived as College staff, rental rates were a contentious issue between the College and the Factory, College administration took more of a hands-off approach to the management of the Factory, a separate Factory operating board was established, and Factory management was given more hiring/firing authority. The clearest embodiment of the desire for separation was the legal separation that occurred when the ownership of the

Figure 6.4 Hierarchy of values and embodiment of values in organizational design and performance evaluation measures for pivotal period P_2


Raison d'etre values
Desire to provide work for students for economic reasons (held in abeyance)
Desire for profit (most salient)
Desire to provide work for students for educational reasons (least salient)
Values that pertain to the organization's principal and constraining types of activities
Desire for domain growth and to move to high end products
Desire to separate from the College
Desire to formalize budgetary planning and control
Desire to focus on financial measures as indicator of success
Organizational design and performance evaluation measures
Attempt to move to higher end products
P
More aggressive marketing - attempts to expand markets
P
Fewer Factory managers perceived as College staff
E
Rental rates were a contenious issue
P
College administration took more of a hands-off approach
E
Separate operating board and then legal separation
P
Factory management given hiring/firing authority
P
Effects on student employment were not taken into consideration in decision-making
E
Scheduling issues became more polarized. Weekend work discontinued
E/P
Hiring of non-Church members and policy of hiring most qualified. More selective in hiring students. Reduced student/ nonstudent ratio
E
Worship discontinued during working hours
P
Progressive training discontinued
E
Increase in written policies, etc. More meetings
P
Increased focus on financial measures as indicators of success
E
Decreased focus on student labour as indicator of success
E
- good or congruent fit
- may be incongruent
P - prescribed
E - emergent

Factory was transferred from the College to Holdco. There are other design elements for which the embodiment is not as clear but arguably partially embody the desire to separate from the College: impact on student employment was not considered in decision making, scheduling issues became more polarized, weekend work was discontinued, non-Church members were hired, the hiring of students was more selective, worship meetings were discontinued, and progressive training was discontinued.

The increased desire for profit attainment and the desire to focus on financial measures as indicators of success are embodied in performance evaluation measures. There was an increased focus on financial measures of success and a concurrent decreased focus on student labour measures of success. The desire to move to "high end" products was embodied in an attempt to make that domain move. The desire to increase formalization of budgetary planning and control was embodied in an increase in written policies, regulations, and job descriptions and in the increased frequency of formal meetings. These meetings resulted in more participative decision-making. The increased desire for profit attainment is embodied in virtually all organizational design and performance evaluation elements. For example, the attempted move to "high end" products and the consideration of the domain change to case goods were explicitly motivated by the desire for profit. All of the separation and formalization elements were also attempted or carried out motivated by the desire for profit. The desire for profit is not incongruent with any of the design and evaluation elements.

In summary the connection between values and design elements was predominantly centred around the desire to separate from the College. Almost all of the activity in this area was a carrying out of this desire.

D. The chronological ordering of salient values and organizational design

During this pivotal period, the changes in organizational design and evaluation measures were clearly led by changed values. As noted in the previous section, the most significant changes in organizational design flowed from the desire to separate from the College and the increased desire to earn a profit. However, during this period there is indication that some of the design changes after being implemented served to strengthen value shifts. For example, the establishment of the Factory operating board and the Holdco board entailed the involvement of profit-oriented business people replacing education-oriented educators or religious-oriented clergy. These new people made decisions without taking into consideration the effects of the decisions on student employment. These new participants with new orientations served to further shift the saliency of *raison d'etre* values from student employment to profit attainment. Another example is the hiring of non-Church members. These new members did not share the need to provide work opportunities to students so that they could attain a Christian education in the Church's College. Therefore, they did not share the student employment values. During this period this change in membership was not significant because the new members were only first-line workers. Therefore, they had little power to change the saliency of values.

In summary, during this period new members did not so much bring in values as they served to speed the shift to a new level of saliency of previously held values. That is, their presence helped increase the saliency of the profit attainment value and decrease the student employment values. Then following these value shifts, organizational design and evaluation elements were established that embodied the increasingly salient values. Then these elements further reinforced the values they embodied.

E. Conclusions

In many ways this pivotal period entailed an elaboration of values and design from the previous period. The desire for profit was somewhat stronger, but for most it was still a minimal desire to avoid loss or to break even. The desire to separate from the College was the predominant second level value as was the case in the previous period. Most major design changes embodied this value as they had in the previous period. Similar in pattern to the last pivotal period, the value changes that occurred during this period were shifts in saliency of previously present values.

However, a new type of change occurred during this period: members held in temporary abeyance a value that they claimed to hold with strong commitment. They desired student employment in the long term, but they believed that they must value it secondarily because they believed it threatened the Factory's existence in the short term.

CHAPTER 7

P_3 - Bankruptcy and Change in Ownership

7.0 General description of the period

In comparison to previous pivotal periods, the final pivotal period of this case study was brief. The defining aspect of this pivotal period was primarily the perception of crisis. This pivotal period continued from the time the owners decided against any further investment in February, 1991 until a new owner was established following a bankruptcy in April, 1991.

The mood of the Factory members at the end of the previous pivotal period (i.e., P_2) was characterized by determination to survive in spite of unfavorable circumstances. The Factory's indebtedness continued to be viewed as "an horrendous burden around [their] neck." There was a degree of instability throughout the intervening period between the pivotal periods P_2 and P_3. The possibility of the sale of the company arose from time to time throughout the entire period of Holdco ownership. In November, 1987 the Church's provincial conference board, which is a 50% Holdco shareholder, "voted to have [Holdco] find additional investors for their profit businesses." Later that same month a group of College alumni approached the Holdco board to discuss the possibility of purchasing the Factory. In January, 1988 the Holdco chairman "was authorized to obtain further information on offers to purchase a part or all of the industries received from foreign investors." In late 1988 the general manager of the Factory was given approval by the Holdco board to "negotiate a line of credit" and to "make plans for the short term and continue operations on the basis of ownership of [the Factory] remaining with [Holdco]." In January, 1989 the general manager "advised [the Holdco board] that the management of the company wished to explore purchase of a percentage of the business. There was no objection expressed to the concept." This possibility of a management buyout was mentioned in board meetings in May and in July of 1989. In February, 1990 a large accounting firm was

asked to provide an estimate of the 'en bloc' fair market value of the issued and

> outstanding common and preferred shares [of the Factory] ... for the purpose of evaluating the shareholders' investment in the Company and potentially reorganizing or divesting of the Company.

In spite of and in the midst of this instability, by 1989 the mood had changed to one of "cautious hope." There had been a small net profit ($2,594) for the year 1989 and the members hoped that this finally signaled the turnaround point. A College alumni publication article (referred to as the "1990 Alumni publication article" in Appendix A) about the Factory written by the College vice president for advancement begins with the words: "Everyone loves a success story." The article tells a brief history of the Factory, the financial difficulties of recent years, and the many changes the Factory management had implemented to yield success. However, the optimism was mingled with caution. For example, Emery, president of Holdco and treasurer of the Church's national conference, expressed a note of caution as quoted in the same article:

> We have witnessed a real turn around in the factory operations. Often in times past it was anticipated that the factory was on the verge of being financially successful. But just as often those hopes were dashed. With the great things that have taken place in the factory one is almost hesitant, because of the past, to say too much until the 'money is in the bank.'

The success was short-lived. Later in 1990, sales decreased significantly and rapidly. The Factory management, under the direction of the Factory board, decided to diversify and manufacture mattresses. This domain shift required additional capital, so they approached the shareholders (i.e., the Church's national conference executive committee). Thomson, Factory general manager, said that this request for money pushed the issue "into the political arena of the Church." He went on to say the Factory management

> went through a lot of trouble to try to get the money..., [but] they [Church decision makers] had to put on the brakes somewhere - just history, so many years and years and years of history and it wasn't any different so.

The president of the Church's national conference reported that "the idea of continuing to finance the industry was unacceptable to the Executive Committee and a full investigation was ordered." The Church's Canadian conference treasurer told me that "there were a few people and they had made up their minds that no matter what, we're closing it down."

On December 9, 1990 the executive committee of the Church's national conference selected

> seven [Church member] business and management experts ... to study the overall involvement of the Church in commercial enterprises and in particular to study the current relationship of the Church to [the Factory] and [the Press]....

This committee was referred to as the "Steering Committee." (See Appendix A for more detail about the committee and its report). On February 17, 1991 the Steering Committee gave its report to the Church's Canadian conference executive committee. The committee recommended "without hesitation that in the future, the Church should not under any circumstances involve itself in any venture which cannot be correlated with its professed mandate... [which is] preaching the everlasting gospel." Specifically regarding the Factory, they "recommended that the Church divest itself of ownership" by "voluntary receivership and orderly shutdown." The executive committee of the Church's national conference voted "to sell the assets of [the Factory] and [the Press], or to have the Board of Directors, in consultation with the ADCOMs [administrative committees] of the [Church's Canadian and Alberta conferences], deal with the companies as they see fit." In March, 1991 the board began a much more serious effort to sell the Factory.

Meanwhile, employees of the Factory had apparently become immune to the warnings of closure. One top manager said that prior to the bankruptcy Factory members perceived that the Church ownership of the Factory provided a "safety net." He said:

> Even for myself, you know. I said 'The church they won't let it go under. They'll put more money in it.' It was a safe thing you know. I tell you that's a hard one to explain. I'm not saying it affected anybody but I'm sure it was in the back of everybody's mind you know. 'The church they won't let the place go bankrupt. There are too many jobs that depend on it.'

One employee's assessment of the situation was typical of the general membership. He said when he started as a student in 1984, there were rumors of closure and he was really worried, because he didn't know how he "would pay his tuition and his bills." But he said he had stopped worrying in spite of rumors. He said "if I came to work and the door is locked, then I know it's time to worry." That is exactly what happened. Attempts to sell the business failed, and on April 23, 1991, the workers did come to work and found the doors locked. The Factory board had filed a petition in bankruptcy. Another employee said that "when it finally did [close], I guess it was a shock because you heard it so much it's almost like you don't believe it anymore."

There was a difference of opinion among decision makers and Church constituents regarding the morality of this declaration of bankruptcy by one of the Church's organizations. Some believed that "a business is a business whether the Church owns it or you own it or somebody else owns it" and as such it has a moral right to declare bankruptcy. Others believed that because it was a Church organization, "they should have bit the bullet and paid off all the creditors." The Steering Committee was very influential in this debate. One Church administrator speculated that a committee made up of Church administrators, who were positioned at levels high enough to have "deep enough pockets" to approve the infusion of more money, would probably not have allowed the bankruptcy decision. The members of this committee of "business people" claimed that they viewed the bankruptcy decision strictly as a business decision. They felt further investment would be a poor investment, and given this view, bankruptcy was the only choice.

Historically, the Factory management believed that the Church would not allow bankruptcy. When I asked one of the previous general managers how the bankruptcy had affected him personally, he said he had

> trouble with the Church petitioning into bankruptcy. When suppliers had questions about our finances I used to say, 'The Church was backing us. There's no problem.' Some of these got hurt in the bankruptcy most likely.

Thomson doubted that this reaction was common among creditors: "From what I gather now there was only a few - and there was very little money involved in it at all - that say, 'Well we sold you stuff 'cause you were the church.'" A Church constituent who was also a business person was very disappointed by the bankruptcy decision. He had this to say:

> I'm personally angry at the Church. I'm angry about the fact that their business ethics are such that they were willing to take the operation into bankruptcy and let the creditors write off huge amounts of money. And I don't think that a church that is trying to carry the message of salvation to the world/ I don't think that it's been a positive image for the church and I don't think it's proper in God's eyes

> and I'm angry at the church about that.... The argument has been that the suppliers have cashed in on money for years and years by selling product and they should be prepared to acknowledge that and to realize that you have to take a hit sometimes. There is no talk about ethics. My personal ethic on that is if I ever found myself in a situation of having to declare bankruptcy, it might be a necessary route to take in a legal framework but personally my conscience, I couldn't sleep at night if I couldn't pay these people off even if I have been discharged by a court of law. That's the way I operate. I think the church should too.

However, the Church administration received very little direct criticism from the constituency. In fact, one Church administrator from the national conference said he "received no calls of either a positive or negative nature", and as far he knew none of the other Church administrators had received any calls. He was quite surprised by this, because he expected much more criticism.

The receivers accepted an offer to purchase the Factory's inventory and equipment from Everet Reynolds, a Church member and former student of the College; Ernest Ivanson, employee of another company owned by Everet Reynolds; Shaun Thomson, Factory general manager; and Chris Hendrick, Factory production manager. Everet Reynolds became the majority shareholder with the others each owning a small interest.

The new owners commenced business with as much continuity from the previous corporation as they were able to achieve. There was little change in the management of the Factory following the purchase. The only significant change in top management was that Ernest Ivanson was positioned as controller. A significant number of customers were lost so sales were much slower initially for the new company. Therefore, only approximately one half of the 55 individuals employed by the Factory prior to bankruptcy were re-hired by the new corporation.

Although managerial succession and changes in key individuals were not defining features of this pivotal period, there were several changes of this sort that should be mentioned. During this period the most dramatic changes in personnel were in key members outside the Factory. Just two months prior to the bankruptcy the Holdco board was changed dramatically. On February 17, 1991, the day the Steering Committee presented its report, the Church's Canadian conference executive committee decided to change the entire Holdco board. They "removed" all the previous members and "elected" all the members of the Steering Committee to comprise the Holdco board. After the bankruptcy and sale to new owners, Church-related participants, who previously had final authority over Factory matters, no longer played significant roles in Factory outcomes. Holdco then became the Factory's landlord. Therefore, the involvement of Church administrators diminished to periodic lease contract negotiations. Concurrently, a new key participant became involved: the principal owner, Everet Reynolds.

Several key personnel changes occurred between pivotal periods P_2 and P_3. By early 1988, Thomson began to perceive Inglis (Holdco president) as being redundant. He succeeded in convincing the Holdco board. Pressure was put on Inglis and he resigned as president in August, 1988. Inglis's departure gave Thomson more power, because the Holdco board decided not to fill the presidency position. There were also a few changes in other top and middle management positions. In March, 1988, Harold Ivy was invited to the sales management position. In November, 1988, Tim Pates became the controller. In October, 1989, Peter Tonell entered as plant manager. The recruiting and hiring of these latter three individuals was particularly significant, because they were the first middle and top managers who were not Church members.

7.1 Salient values held during the period

A. Raison d'etre values

By the time period P_2 ended, the most salient *raison d'etre* value held by Factory members was the desire for profit attainment. The desire to provide work for students primarily for economic reasons was still salient, but members were holding this value in abeyance due to their perception of a threat of extinction. The desire to provide work for students based on educational values had become very weak. By the end of period P_3 the desire for profit was clearly paramount. The desire to provide work for students had not completely disappeared, but its saliency was very weak. In this section, I will outline the *raison d'etre* values held and changes of these values held by the various key individuals and groups. As noted above there were drastic changes in participants who can be considered *key* outside of the Factory. I will include individuals and groups that were significantly involved both before and after the bankruptcy and sale of the Factory: general manager, other managers, students, College administration, Holdco board members, the new owner, and other Church administrators.

General manager From the end of period P_2 to the end of period P_3 there was no change in the Factory general management position. Thomson, whose promotion to the general management position marked the end of pivotal period P_2, was the general manager throughout the entire remaining period of this study. When he became general manager he said he was given two goals: "student employment and stop the loss." He said

> the idea was just/. Everybody was just 'Don't lose money. We're even prepared to lose a little bit.' But they wanted student employment and they didn't want to take a bath and that is all they had.

Thomson did not accept this combination of *raison d'etre* values for the Factory. That is, he did not accept that the primary *raison d'etre* values should be desire for student employment provision and desire for profit to the extent of loss avoidance. He said

> The church could have a good thing going with all the business that we are into. I mean nursing homes and on and on. Find somebody we'll pay them 150, 300 thousand dollars who really cares, okay. It might be Lee Iacoca or something. We'll sit him in a corner and say, 'This is your function. You make sure our businesses are making money and you take care of it. There is no religious politics involved. You run it as a business.' And they would flourish.

A story he told illustrates his values regarding profit and its relationship to other values:

> They [previous Factory management] had the Brick [a major furniture retailer]. Apparently old Comrie [Brick founder] started to sell furniture. It was [the Factory's] furniture. Okay, he left them in the smoke 'cause somehow they got split apart. Man, if I had that kind of deal, you think I'd be split apart from profit? No way man! They could be/. They could be like Palliser [a competitor]. Palliser is $180 million company right now. Started about the same as these guys did. We faded away and he pays/. He's a good religious man. He pays big bucks to the church.

He believed it would be better to pursue profit and use the profit to subsidize tuition rather than provide work for students when it is inefficient from a profit orientation.

In February, 1989 Thomson prepared a business plan. The mission statement included the following:

> To develop, make, assemble, purchase for distribution, and sell Comfort Household Furnishings to a consumer market as affordable luxury
> To be profitable.
> To be innovative in Marketing, Production and Service.
> To be a leader of the Furniture Business in Western Canada.

Thomson was quoted in a College alumni publication article (referred to in Appendix A as the "1990 Alumni publication article"): "We always *want* to be growing. We don't *want* to be in a job where we have to level off or decline." (Emphasis added).

After the bankruptcy and sale of the Factory, he unquestioningly viewed the Factory as an business with a profit motive:

> We went through that stage trying to decide where we are and again from you know you have to say what are we here for you know. We're manufacturers and what are we going to manufacture and make money at it?

Other managers Before the bankruptcy there was more disparity in Factory management *raison d'etre* values than there was after the bankruptcy. Compared to the previous pivotal period (i.e., P_2) the desire for growth and profit was held with increasing strength and the desire to employ students was waning. However, following the bankruptcy the *raison d'etre* values among other managers were virtually the same as those of the general manager. The following examples illustrate these values before and after the bankruptcy and the change toward alignment with the general manager that occurred.

One of the office workers, who started employment at the Factory in 1976 and continued until the bankruptcy, observed a change in values regarding student labour. When I asked her directly if a change had occurred during her tenure, she replied:

> No, not really. I mean it was either Ian dealing with the students or Chris. I always felt that both of those dealt very fairly with the kids.
> CA: And they both felt that the factory was there to provide them labour?
> II: Pretty well yeah. I think now that it's changed to private hands it's a whole different ball game. But when it was part of the school or part of [Holdco] I didn't feel as though there was any change of attitude.

I asked this employee if there was general agreement about the value of providing student employment. She answered:

> I don't know. I suppose it depends on who you talk to. I know that we felt bad

> when the students - or at least I did; I felt bad when the students were the ones that were laid off. Because I thought then you know that has sort of a boomerang effect you know. It effects - if they can't have work that puts the school in jeopardy because then maybe they can't come for school anymore. So enrollment goes down and it has sort of a boomerang effect.

Matison, who had served in several management positions and whose tenure virtually coincided with the history of the Factory, seemed to be resigned to the notion that providing student labour was not as important during this period as it had been in previous periods:

> Maybe it's not so important how they have students working. I don't know.... With student loans and things like that today, maybe it's better for the young fellow to come, instead of taking an extra year working his way through, maybe it's better he borrows the money and gets out into the work force a year sooner.

One supervisor explained her values in regard to student employment after the bankruptcy: "You can't just run on students. You *have to have* full time people to work with." She also reported that "a lot" of her colleagues were "thinking ... no students." She had heard comments that they were "sick and tired of hiring students." She indicated that a change had occurred at the time of the bankruptcy when I asked her if these values had changed during her tenure that started in 1984 and continued through this period. She replied: "No it was from the time I started, to provide students. It was there the whole time I was until the bankruptcy." When I asked another supervisor a general question "about the objective of providing student labour", he said:

> The objective of providing student labour is no longer an objective. The objective now is 'we will use student labour if it is beneficial to us.' ... Just prior to bankruptcy we were still trying to provide as many jobs as possible for students. Now it's not 'we're not going to try provide jobs for students, we will use students if they fit into our plans.'

Referring to the post-bankruptcy period, a middle manager said that it is not the Factory management's "aim" to employ students. She said: "If they can employ some, fine, but it isn't the purpose they're here, for sure not."

Hendrick, production manager before and after the bankruptcy, suggested that the Factory management was much more serious in its pursuit of profit after the bankruptcy in his following statement:

> This place is here to make money.... Like before it didn't matter how fast or how slow you worked you had a job. And you felt sorry for that guy and this and that because you know his mother is an invalid or because his dad left his mother or whatever - all the different instances. In real business that doesn't come into effect. You're there and if you can do the job if you can't somebody else will do it. I mean that's the way you *have to* run business.

Tonell, who entered the Factory as plant manager in the fall of 1989, strongly held the value of profit attainment as the Factory's *raison d'etre*. When I asked him what he viewed as the Factory's *raison d'etre*, he replied:

> The reason of any company is bottom line is to make a profit okay. In my mind - I don't know the church philosophy might be different I don't know - but making money isn't all bad in my mind.... I think we're all here and we all try to do our best to insure that the company does make a profit and we do whatever we can to help it.

Because Tonell is not a member of the Church, I asked him if he was aware that the Factory's original purpose was to provide employment for students. He answered: "Yes. We've gone away from that philosophy." Adopting his terminology, I asked if student employment provision was the philosophy when he came in 1989. He replied:

> No. Students are part of the labour force okay and they could be a good part of the labour force. We have no problem with employing students, okay, but they have to fit with the program, okay. That's been a struggle even with the supervisors, 'cause they are so used to making the students - 'We're fitting our program to fit the students' - you know and that's not the way it *should be*. The students have to fit our program or we don't want them.... It's tough to schedule as supervisors and I could never understand this when I first came how come we're working around the schedules of the students, okay. The students *have to* be here like we expect people. Like we had students starting at 9:30 and leaving at 10:30 and coming back at 1:30 to 3:30 and how can a supervisor plan that way you know and production flow and stuff like that? So you know we *had to* switch that mentality and say okay/. And even the prayer you know I got nothing against prayer but then students were leaving early on Wednesday's at 11:00 so they could/.... They still have to fit with our program. And if we need them here, okay they have to work.... If the students fit the program, sure we'd love to use the students. If they don't, then we find somebody else who will fit the program.

Tonell's following statement suggests that he agreed with the notion that the students would be best educated when desire for profit is the primary *raison d'etre* value:

> I think that's kind of one of the reasons why he [Thomson] changed the thinking....

> These kids we're teaching - if we let them come late we're teaching them that late's okay. When they go out and have to get another job or anything else it isn't okay and if we don't tell them that now they won't learn it so we're not doing them any favours by looking the other way if they're not performing well or if they're coming late, we *have to* tell them.... As long as you set the policy and either they fit the policies or they don't work here.

Tim Pates, the Factory's controller, who was also not a Church member, held values pertaining to the Factory's *raison d'etre* that were similar to Tonell's. When I asked him if at the time he entered the Factory he had been told the reason for the Factory's existence, he replied:

> Well what it was originally set up for/. I mean they set it up for the basically ... to provide employment for students and what not. And it clearly outgrew that. They certainly stepped outside of that theme of things when they built that large factory.

When I asked Pates how the provision of student labour fit with the desire for growth, he expressed his values regarding the hiring of students as follows:

> When you're committed to that [the hiring of students], then you are restricting yourself for the choice of employees.... The fact that they are productive is key in every business today. Value for money is key to survival. You know you can't pay somebody money to stand around. If they're productive and if they're contributing then there is no reason for not having student labour.

He valued profit or efficiency more strongly than the provision of student labour. Student labour was seen as one means to achieving efficiency. Among management this was becoming the predominant view prior to bankruptcy and virtually the only view after the bankruptcy.

Students There are two points to be made about the values students held in regard to work at the Factory. One is what students saw as the *raison d'etre* values related to work for students. The second point is the perception among managers about students' desire to work. As in the previous period, management continued to believe that students valued work less than they had in previous periods.

To get a student's perspective I asked one student, who began work in 1989 and continued through this pivotal period, to tell me his perception of the Factory's purpose. He replied:

> Originally, I think personally I think it was to supply employment for students.

> CA: Originally when?
> DG: When I first started and even before me... But then too, supply employment for [Church members] in the community and also when the Church owned it, to provide an income for the church. But mostly to supply employment for students and people on campus and the [Church] community.
> CA: And after the bankruptcy?
> DG: I think also for employment 'cause I know a lot of the people there are older when as/. If the place did close down, there would be so many out of jobs because they're at the age where they can't go and do anything else. Also I think to make a profit.

Management's perception was that students' work ethic was weak. One supervisor referring to post-bankruptcy period:

> But a lot of the students don't want to work. I mean they're not up there/. They can you know get money quite easy here and there it seems like. I don't know where they get it from. I can't find it.

A story of hiring a "kid" demonstrates one member's perception of students' desire to work:

> We had one 14 year old kid come in, 'Oh, I have to have work'. So whoever was hiring ... went out of his way - this was about a year before bankruptcy - went out of his way to provide a job for this 14 year old kid. Lasted all of four hours. And you know a 14 year old you're stuck. You can't put them on a machine you have to put them on some manual labour that they can't be hurt because of laws and he evidently didn't like what he was doing so he quit. That was that, so we didn't even enter him in we just paid him. You know I mean the caliber of students are different now than they used to be.

College administration and board Throughout the period the College administration and board continued to value the provision of work for students. In March, 1987 the board passed the following action:

> To ask the Finance Committee in counsel with the vice president for financial affairs to give study to enhancing funds that could be used to provide student employment during the initial start-up of the new school year so that every student could have access to a works experience early in the school year.

At the September 27, 1987 College board meeting the following action was passed under the heading "Investigation of Private Investment for Operation of Industries":

> VOTED to support the administration of the College and [Holdco] in the investigation of private investment for the operation of current industries and the future establishment of new ones.

In response to these actions the College vice president of financial affairs presented a "Report on Business Opportunities" at a later College board meeting on November 29, 1987. His response, quoted as follows, indicates he was committed to the value of the provision of student labour:

> At the previous Board of Directors meeting, it was voted that [the College] administration investigate business opportunities, Government Loan & Grant programs and other avenues to enhance employment opportunities for students.... The great need of student employment, for the continuing growth and even the survival of this school, necessitates that research and study be given to the available government programs and thought be given to innovative financing for financially feasible projects.

In the September 17, 1987 issue, the student newspaper quoted the College vice president of financial affairs as follows: "The administration realizes that there is a great need for additional student labour and we are seriously considering to improve the situation."

Economic outcomes (as opposed to educational outcomes) of student employment were most valued by the College administration and board. In the October 7, 1987 issue of the student newspaper, the College director of student finance and employment contended that student employment was the College's "most important form of financial aid."

Just prior to this pivotal period, the College vice president for advancement wrote in her article in the College alumni newsletter (referred to in Appendix A as the "1990 Alumni publication article") that "we can add a stanza praising the Lord for the employment opportunities the industry [i.e., the Factory] provides for students." The following statement in her article indicates that she apparently believed that the attainment of profit would lead to the achievement of other objectives: "With a profitable operation on the college campus, this augers well for the students, employees, and [the College]."

The College administration's desire to provide work opportunities for students continued through the entire pivotal period and after. In September, 1992 an article in the student newspaper reported that the College officer in charge of student employment was "feeling the pressure" because "with an increased number of students, employment opportunities are fast approaching the endangered species list." The article went on to say that "faculty and staff [had] been asked to stay alert to possible work assignments as administration looks at freeing up additional funds for student labour."

Holdco board and Steering Committee Both profit and the provision of student labour were desired by the Holdco board and the influential Steering Committee. There are several pieces of evidence pertaining specifically to the period just prior to this pivotal period that demonstrate the position of the Holdco board. In a report on September 24, 1987 while reflecting on the "successes and disappointments" of the first year of operation under Holdco, Inglis, Holdco president, stated the following as one of the "disappointments": "We as a church are still unsure of our goals for the [Holdco] industries." However, the provision of student labour was evidently still desired because in this same report, Inglis reported that one of the "Challenges for the Future" was "to continue to search for industries which will increase the number of jobs available to students."

Approximately one year later the Holdco board affirmed its commitment to profit attainment as well as the provision of student labour. On August 4, 1988, the day Inglis announced his resignation to the Holdco board, the board gave Thomson the following "mandate":

> Mandate - Shaun Thomson's mandate was discussed. It was indicated that he had the responsibility to make decisions which will achieve the goal of making a profit for the furniture industry while situated on campus so that student job's (sic) can be maximized. Key goals identified for Shaun Thomson by the directors included: efficient, effective and profitable management.

In February, 1990, the Holdco board engaged Peat, Marwick, and Thorne to appraise "the fair market value" of the Factory. The following statement, which was based on information given by the Holdco board, was included in their report:

> The business was founded in 1954, as a division of [the College]. The primary objective of the business was to provide an opportunity for employment to students attending college.... This focus continued until [the Factory's] incorporation and reorganization in 1986. The new Board of Directors' mandate was to develop a profit oriented, stand alone, business enterprise. In this regard, a new management team with industry experience was hired. A general manager was hired in 1987, the sales manager was replaced in 1988 and a controller was also hired in that year.

The thrust of this statement is that the Factory's *raison d'etre* had changed at the time Holdco came into existence suggesting that at this time the board believed that profit attainment was the *raison d'etre*.

Tony Smith was an influential member of the Steering Committee and then the Holdco board. He stated that he did not hold the value of providing student labour strongly enough to justify the previous losses that had been incurred. He spoke somewhat sneeringly of decision-makers who allowed "millions of dollars" of losses "under the cloak" that the College "had to have student labour." Smith desired economic outcomes from the provision of student labour. He said that "in true dollar terms the cash losses that we were experiencing in the industries we would have been better off to just hand the money to the students."

The Steering Committee recommended that the Factory be shut down. A part of the rationale for this recommendation was the argument that the Factory was not achieving its purpose. The following statement made in support of their recommendation indicates this committee's view about the Factory's *raison d'etre*:

> Consideration was given on the effect of the shutdown on the school and local economy. Student labour has been minimal to non-existent due to lack of production. The current full-time workforce has been employed at less than full-time. Some spousal employment will be lost as a result of the shutdown, however it is felt that other accommodations can be made for work, grants, loans etc.... Consideration was also given on the effect of tithe income loss for the [Church].

I asked Smith to clarify the meaning of "the effect of tithe income loss." He replied:

> The point was if [the Factory] shuts down there are no further wages being earned by employees and those people go into the unemployed roles. What will the negatives be on [the Church's] income? We evaluated that it was minuscule enough that it was not a consideration.

The valued outcomes from the Factory's existence as far as this committee was concerned all had to do with economics. They focused on financial benefits from "student labour", "full-time workforce", and "spousal employment" as well as the "effect of tithe income loss." The Factory's contribution to each was considered to be insignificant or easily replaceable.

The new owner I asked Everet Reynolds what his purpose was in purchasing the

Factory. He replied:

> I can't say, I don't know. I honestly don't. I did feel that the operation was very poorly mismanaged, greatly mismanaged many times um and felt that most businesses can go successfully if they are carefully managed. That was somewhat of a motivation but it was also a motivation from a some of the individuals there because I knew Chris and Shaun because they wanted to stay living there and they were very interested in somebody picking it up and keeping it operating. I was also strongly of the opinion that it could be successfully run. So there was some pressure from them.

When I asked him specifically how he related to the historical values of providing student employment and profit attainment, he replied:

> [I] had an expectation that it would be profitable, important you know.... I wanted to be able to serve the church as far as being able to employ students to some degree and indeed since we've taken it over we've employed more students than had been employed in the last few years prior to it being shut down. But um it was a secondary thing to being profitable.

Thomson said Reynolds has "still a church mentality and I have to wrestle with that a little bit. He doesn't know why he bought it." Thomson explained his statement in greater detail when I asked him if Reynolds had a vision or goals for the Factory:

> No, no he doesn't.... No, he hasn't. Everet is as I said before the major conversations we had before about company planning have been about this much [signaled very small]. I keep threatening we should sit. I mean 'Everet it's your company.' I've never seen anybody buy a company for no reason not knowing the guy whose going to run it. Like he still doesn't know me. I mean we've probably spent in true hours we've probably spent a month together that's from when I met him to now.... But that's the way he is. He's got it in his head that it will work and for some reason he's got faith in my/. And I don't know why 'cause he doesn't know me. Really doesn't.

One supervisor explained how she viewed Reynolds's values in regard to student employment:

> Everet still *wants* student's hired. I mean that's his goal.... I mean he still prefers that you hire students. I mean that's what he invested so that there is work for the students. I mean that's his goal too unless he changes too, but then he states that they've got to work and be dependable. If not, they're gone.... I mean he doesn't believe in fooling around you know.

To get an idea how his values compared to those held by members in previous periods, I asked if there had been "fooling around" in prior periods. She replied:

> I don't know about fooling around. I'm not saying fooling around but I meant more tolerant. It was a little more lenient... I mean we're running it more like a company business than it was beforehand.

Hendrick agreed that Reynolds "wants us to hire as many students as possible within you know/."

Other Church administrators As in pivotal period P_2 Emery, treasurer of the Church's Canadian conference, continued to believe that profit should be sought primarily and student employment secondarily. When I asked him to clarify what he meant by making a profit, he replied:

> I would say I always thought that if we could show about a 10% return or at least 10% profit on our sales, then I thought we would be in a position, because on that basis we would be covering our depreciation. We would be covering all our financial charges.... So uh I would say as far as making a profit it would have to be at least a break-even or say 10% and of course if you could do better than that, that's fine.

Emery said that there was a shift in thinking among Church administrators to the notion that the Church should not be in business. He attributed this new "current" of thinking to the president of the Church's Canadian conference. The president believed that the Church should not be involved in business, and that "the mission of the church is the proclamation of the gospel." He wrote in the Church's periodical that

> time and balance sheets revealing past undue expenditures of Church financial and energy resources have become relentless teachers of the principle that the Church should not entangle itself with commerce and industry.

Specifically, regarding the Factory he endorsed the Steering Committee's recommendation in that he wrote: "The investment of cash is not the part that the Church should play and thus the only alternative is to sell." In an article the following month (i.e., April, 1991), he presented the following as one aspect of his "vision for the Church of the future":

> The incorporated Church will find its way out of business and industrial ownership and management. Individual [Church members] and groups of [Church] laymen will be operating businesses under distinctive [Church] principles. Their goal will be to support and to advance the objectives of the Church without drawing on the resources of the Church.

Emery believed that the Steering Committee also influenced the Church administrators to take the position that the Church should not be in business.

However, the desire to sell the Factory had been held by Church administrators for several years prior to the bankruptcy. In the transfer to Holdco, one possibility desired was to sell shares to outside investors. As outlined in the introduction above (section 7.0) some efforts had been made to sell the Factory for several years prior to the bankruptcy. Thomson said that the Church's Canadian conference board's "mission was to get out of business and we knew that quite a while back and trying to sell it. Like I was trying to sell the company for probably two years." By his estimation, he had begun trying to sell the Factory in 1989. It wasn't until 1991 that these key decision makers seriously attempted to sell. They had reached a point that they were going to shut down the business in some manner. Thomson said the Church's Canadian conference board decided they had to "get a quick action committee together and they formed a new board" given a mandate to get out of business.

B. Domain values

As was the case in pivotal period P_2 the salience of issues surrounding domain continued into this period. In this section I address domain *values* held by Factory members. The domain values held during this period pertain to a desire to move to higher quality products, a desire to add a new line of products, and a desire for domain growth.

In the business plan prepared in 1989 (referred to as the "1989 business plan" in Appendix A, where a brief description is given), Thomson stated the desired domain as follows under the heading "affordable luxury":

> We will pursue Quality, Service and the mid to upper mid price point in all our products.
>
> Our manufactured living room upholstery *must have* its quality and price point increased. Our present average unit price is approx. $460.00 per set. This *must be* driven up to mid $500's or low $600's. Once all our old fabrics have been cleared, we may have to drop 4100 & 5400 as they are totally promotional styles. The 5500 will be our lowest priced set.
>
> Products that will be added to our line *must* qualify as "affordable luxury". They will be high quality products that will carry a reasonable warranty. In addition to Quality, they *must* fit into the "luxury" category.

> The target market being the mid-income range. These are people who know both quality and luxury and are looking for that better product. (emphasis added).

After the Free Trade Agreement between Canada and the United States came into effect, the Factory management desire to move to a higher quality, higher priced product became even stronger. The members of management had the perception that they could not "compete with the low end stuff," and therefore, they needed to produce and sell the "higher end stuff"; they had to "upgrade [their] product ... - move out of the brain beater stuff." Thomson thought that the Factory had to go through a "metamorphosis of cheap to something better." Further, he thought that the Factory would "*have to have* an ongoing program" of changing domain, because he believed the competition would move into the lucrative domains chosen by the Factory. According to Thomson this shift to better product, demanded a change in the values of the Factory members. He said when they were making "that cheap stuff," they had the "mentality" that "you got to save two dollars. You go rip everything out." He told how a supervisor reduced the size of mounting rails for bed mechanisms so that one extra piece could be cut from a board to save on material costs. This is how he told the story:

> They were doing some cost cutting. Had this genius idea that if we cut the mounting rail for the bed mechanism - cut it down - then he could get two or three out of a board or something. I forget the story. But anyway he cut it down. He cut it down. It was too much. Never had trouble with beds. One day the phones start ringing. 'Hello, eh, eh, eh.' 'What the heck? Chris what's going on?' 'They must have dropped it. Check it.' 'No, no, no.' Finally I says 'Find out what the heck went on.' So production meeting plan. Norm: 'Ohhh, I changed the rail.' You know so conscientiously he did the right thing. He says 'I'm trying to cut cost.' But the problem is he didn't tell anybody and there was no second opinion or any judgement like that and all of a sudden he costs us a lot more damage than probably the two cents he saved in wood literally.

Thomson maintained that in order to move to a better line of furniture, the Factory members needed to think in terms of putting more material into the furniture rather than in terms of cost cutting.

Thomson also believed that service to customers is important:

> We *have to* service the customer. Like if you were buying furniture, if you're not

> happy then we haven't done our job. So it's not just building furniture. It's service and all those other things.

He said "you *have to have*" "what people expect." One aspect that he mentioned was that deliveries have to be quick and when promised.

Thomson believed that the Factory "*needed* something else" besides increased quality in order to deal with the free trade threat. The production and sale of mattresses was the domain move that he decided on. He thought that the only way to survive was to get the mattress production going. With this desire to make a domain shift, top management also believed other values had to change in order to succeed in the new domain. Tonell perceived a need to "change our thinking," because mattress customers have a different "mentality" from upholstered furniture customers: mattress customers are less patient than upholstered furniture customers. According to Tonell:

> If we're going to mean business, we *have* to change our upholstery manufacturing mentality to a mattress. So depending what we're doing the customer is willing to wait three or four weeks for a set. No big deal for upholstered mattresses. It is a big deal. Better find some way to British Columbia and it's creating all kinds of problems. Well we *have* to get it solved.

The final area of domain values pertained to domain growth. Thomson valued domain growth both in size of customers and in territory. At the Western Sales Meeting in February, 1991 he told his sales people that

> it is now important for the company to pursue a few major accounts such as The Brick, Sears, The Bay, Leons, and marginally Woolco.... I would also like to add a note that in the territories where it may be appropriate, I will be willing to discuss dabbling in the United States.

C. Evaluation criteria values

Interviewees and document writers provided very little evidence of the evaluation criteria values (i.e., values about the appropriate criteria to be used for evaluating organizational performance) they held during this period. Thomson made a single statement that clearly highlighted that he believed success should be determined by financial measures: "It all came back totally financial because you *had to*." Based on the proposition that most members held *raison d'etre* values of profit attainment, it is likely that Thomson's statement reflects the evaluation criteria values held by most other Factory members.

D. Organizing principles values

Organizing principles values were expressed about formalization; compensation; the organization of work; information systems; governance processes; and staffing issues, including recruiting, hiring, firing and training.

Formalization During this period management desired a high degree of formalization. Thomson led in this regard. He was dismayed by a lack of formalization when he entered the Factory and he tells of his struggle to increase the degree of formalization: "You wanted written reports and that's the hardest thing I had. Even the board I had to work for. Get this stuff in writing for heaven's sakes."

Thomson valued not only getting it in writing but also the implementation of written policy, procedures, etc. He was supported in this endeavor. Emery, chairman of Holdco, shared Thomson's values:

> Well you see that's what I liked about Thomson coming in. He started to say 'man if you're supposed to be here at 8 o'clock you be here at 8 o'clock. If you're not here at 8 o'clock, you go find yourself another job, sort of a thing.'

Compensation Thomson, when referring to compensation, said: "You *have to have* fairness or you can't work a system." He did not like the egalitarian compensation system prescribed for Church organizations. While officially that system was no longer required after Holdco took ownership, at the time of his arrival Thomson still believed that management was "underpaid" at every level. On the other hand, he thought that "in the plant they had too much of a range. Some were 'way underpaid. Some were overpaid." He thought upholstery workers tended to be overpaid. Here are his words:

> There was always a - I won't say religious because it's not the right word. There was always a - um, what's the word I want - magic about upholstery. Upholstery always had to be prima donnas of/. Upholstery always had to get more money. Which is not necessarily correct. So you had upholsterers getting big wages and then the other ones try to fill in and it was just/.

Tonell agreed that just prior to the bankruptcy some were being paid too little and others were being paid too much, but he said they did not have time to correct the system.

Thomson valued an "incentive" compensation system:

> This can be a good place to make a living. And the only way you can do that is you *have to* tie it into some kind of incentive so that when they put out, we'll put out. Rather than in the old days you'd pay them and you hope to heck that something would happen at the other end. So we *want to* have that set up and the only way I will set it up is that I *have to have* people understand and it will *have to* be monitored and *have to* be done properly 'cause I don't want it to be a zoo.

Thomson said that Factory workers tended to distrust incentive compensation systems because the systems had been poorly administered in the past:

> I like to call it 'incentive' and make sure it's proven that way to the employees so that when it comes it's not negative. So as soon as you say - 'cause you got a fair amount of old timers out there. As soon as you say, 'Incentive' 'Oh that's contract, screw you.' Well it's not! That's why you *have to* get people - my supervisors - on side to understand that's not company philosophy. That's not what's intended, and if they do their job right, it won't be that way. But if they go out with their mind made up that we're out to screw them, that we're trying to get the extra/. You know they're only getting 8 dollars an hour now okay and now we're only going to give them 8.25 to do twice as much work. That's really what's in their mind and that's not the way it works.

In order to have a good incentive system, Thomson believed

> You *have to have* numbers again. You *have to have* somebody just designated 'You're the engineer - the time setter. This is how we want them set and so on.' And nobody knew that. So the thing fell apart so again we set a rate, you *have to* keep that rate changing relevant to what's happening in the plant. If you make something more difficult you *have to* give them more time. If you make something easier you *have to* take it away. If you let it sort of take its own path it doesn't take too long - probably in about 3 months - it's toast! You know I mean you do more damage with/.

Tonell also believed in using monetary "incentive" to motivate workers. He liked it, because it allowed more control over cost per unit. He said that if workers are paid on an hourly basis they will drag their work out especially when they know there is a shortage of work which may result in temporary layoffs. Tonell's suspicions were well-founded, because one first line employee told me that he did watch his supervisor's work schedule, and when he saw that there was not much work, the workers in his department would work slower so they could stay longer.

Organization of work During this period a great deal of consideration was given to the organization of work within the Factory. Tonell's clear statement of his values in this area reflect the management's view at that time. He believed there needed to be change:

> It's the history of this hill top [i.e., the College community] and it was isolated basically for [the Church] and the thinking's there you know you bend backwards, go out of your way. We want to do that and it's/. You still want to do that you know, but the bottom line is we *have to* be consistent so if we do it for one then we *have to* do it for the other.

To achieve this consistency, Tonell believed that a clear organizational chart is important. He said "internally you *have to* work with two or three different people", but to function well each person "*has to* work for one boss." To illustrate the need for this unity of command, he told a story of a secretary who quit, because two different managers were placing demands on her causing a great deal of stress.

Another aspect of the organization of work that concerned management was work and product flow. Thomson expressed a desire to "improve product flow and reduce indirect, non-productive labour." In his business plan (referred to as the "1989 business plan in Appendix A), Thomson stated "there is a need to address the total plant layout."

Information systems Another area of organizing that Factory management made value statements about was information systems. During this period the desire to have "good information" (e.g., cost information) was often stated. Tonell argued as follows:

> We *have to* be able to know what we're doing, okay. Know how to cost. We *have to* be able to track it to make sure that we're meeting our costs, okay. And that's been one of our problems in the past.... I can't stress this enough. If you have the information you can specify the problem. You can attack the problem. You can fix the problem. Or else it's just one great big loss and glob and you don't know where it is and everyone stands around not for lack of effort 'cause everybody goes home and works hard everyday and puts in lots of time and but it's not for the common goal so hey now we can attack the problem say, 'This is what we want to do to fix it' and everybody is pulling toward the same way and we can just solve that problem and you go on to the next one and that's how a big company *should* work.

Thomson also desired accurate cost information. He expressed his shock at the poor cost information available when he arrived at the Factory:

> The secret squirrel syndrome is where everybody tried to hord about 50% of the information so they would be irreplaceable. It was incredible. I says, 'Look what sense does it make?' I mean they had this funny stuff. I'll tell you the time when Ian [sales manager who departed in 1987] was still here. I says, 'Ian how do you go out and sell?' 'Oh, I just go out and sell.' I says, 'How do you know what to charge?' 'I don't know,' he says. They would never tell him any costs. So he'd go out and sell whatever the market would allow. He had to go to get the business. Well, I mean what the heck was that? You know so it just didn't make sense.

Thomas, with the approval of the Factory board, hired Pates, the controller during this period, at least partially to improve cost information systems. I asked Pates what he was asked to accomplish when he came to the Factory in November, 1988:

> They had costing but they *wanted* it just a little more sophisticated. They were using a Lotus 1-2-3 spreadsheet and what not. They *wanted* something a little more sophisticated that we could properly control costs and determine where the problems were.

Thomson also wanted information to be more "timely" than it was when he first became general manager. Referring to when he first took the general management position, he stated:

> Financial stuff was done, but it was much delayed. Their reporting came months after the fact, but you get the information you *have to* do some fixing. Well I mean, three months is too late. You *have to have* be fairly timely/.

Thomson talked specifically about the need for accurate timely inventory information. He told the following story that illustrates his values:

> We did the same thing with inventory accuracy here a couple of weeks ago. Three weeks ago. You know stock report comes off, sell the goods, customer comes to pick it up or go to put it on the truck. It's not there. Where is it? Well, how could it be you know? Didn't walk off. And so we got/. Right now I says, 'Call everybody together.' Everybody that ever touched a piece of paper to do with inventory or had to do with inventory are in the meeting. We go through it and it's no fun. I says, 'It's no fun doing business. The information *has got* to be there and it's *got* to be right. Okay if a salesperson is on the phone and sells those two sets to a customer and we can't go back there and find it, what's wrong? And so people now *have to be* more accountable for what they do.

Governance processes As in previous periods, the management believed that there should be changes in the governance of the Factory. Prior to the bankruptcy, the complaints of "no direction" from the board, not enough expertise on the board, slow decision-making, etc. continued. Thomson wanted to have "direction" and "expertise" from the board, but he did not want to have to go to the board for authority to make most decisions. He believed that:

> You can't be in charge especially a company this size and expected to take the flack for a company this size when you don't have any authority. You know like you *have to* be able to call the shots. When somebody calls on the phone and says 'This and this and this is happening,' you have to say 'Oh, that means I have to react with this and this and this.' You just can't say 'Well, I'm going to/. I'll get back to you, maybe.'

Because he held strong values regarding the relationship between himself and the Factory board, Thomson insisted on several things when he became general manager:

> I talked to the board and I says 'This is the way its *got to* be okay. It can't be that old stuff. I'll be responsible. You can go check. You can talk to anybody that knew me. I'll be responsible. I'll show you that I'm responsible. The stuff will be done. Okay, but we're in business to do business and we'll deal with people. I'll do hiring and firing okay.... So I'll do all that. You guys just make sure that you're happy and that I'm reporting properly and you know if you have a problem ask me about it. Don't be afraid. Don't try to sneak up on me. Ask, you know.'

He wanted the areas of his responsibility and authority delineated clearly. He reported to me that he told the Factory board:

> Listen I can't take the responsibility under this. Either you appoint one guy that I report to and you give me/. And you say what you want and I'll do that. There's no question, even for the church I said 'You give me a job description. Give me my limitations. Put down what you want and I'll do it.' I have no problem with it. I have no problem reporting.

Thomson took this governance problem one step further than previous general managers had done. He believed that the problems were so crippling and insurmountable that the Church should sell the Factory, because it was simply not possible for it to operate it properly. He held that position for several years prior to the bankruptcy, and as noted above, the Canadian conference board agreed with his position.

The Steering Committee (see Appendix A for a description of the committee and its report referred as the "1991 Holdco steering committee report") agreed with Thomson, strongly believing that the Church was not organized appropriately to carry on business.

In their February, 1991 report to the executive committee of the Church's Canadian conference, they presented several reasons why they believed "the Church *should* not ... involve itself in" business:

1. Absentee ownership not viable in fast paced industrial world
2. Conflict riddled board of directors;
3. Lack of accountability;
4. Operations of industry by long distance does not work;
5. Easy involvement in unprofitable enterprises;
6. Deep pockets of church;
7. Church has been unwilling or unable to make business decisions in:
    (a) termination of staff;
    (b) obtaining outside investment;
    (c) shared control
    (d) becoming involved in tough business negotiations;
    (e) providing sufficient cash equity;
    (f) hiring of qualified business managers.

Their report listed these reasons very parsimoniously without providing further explanation, so I asked Smith, one of the most active members of the committee, to comment on several of the items. When I asked about the "conflict riddled board", he said there was conflict at the national level, because the interests of the members from the various regions and from the various organizations (e.g., the College) are not the same. Referring to student labour provision, he said

> the interests of people from Ontario and Manitoba and Saskatchewan and Newfoundland ... may not necessarily be the same as those people who are on the hill top and the people in the Alberta Conference.

He said another aspect of the conflict was that

> the people who were in charge of the various institutions especially at the [national] level, they had a trivial interest - probably would be the best way to describe it - a trivial interest in the success in the industries here. If they would have had a true interest they would have taken the time and the effort required to study the issues to overturn every stone and they wouldn't rest until the conclusion was found. Instead the most important item on their agenda was when's my flight from Edmonton and I got to get back to Toronto and make sure and phone someone from the office to get me at the Toronto airport and those concerns and those issues were much more pressing than making a proper/ They needed to stay here. You got to stay here for a week and solve this problem. I can't just go home.

When I asked what was meant by "easy involvement in unprofitable business", he talked about the inability to get qualified managers. He said that the managers did not have an ownership interest, and with "no ownership, no one cares." In this context he also said the "denominational pay scales were an impediment to making a successful operation."

When I asked Smith to explain what the committee meant by "deep pockets of church", he replied:

> There's a perception [among Church enterprise managers] ... that the Church has deep pockets so I don't have to be so careful; similar to what you would have working for government and somewhere. The money will exist. There must be huge reserve funds that all you have to do is tap them if you want to. And I think the mentality that operated with the old decisions that led up to the final demise of the factory was clearly from their deep pockets.

To illustrate, he spoke about the decision to build the new plant:

> There was no basis for the funding of that building and it was very much a deep pocket mentality. 'Oh, somewhere we'll get the money. We can borrow from this reserve fund and allocate from there or we'll get the board to approve it sometime in the future.'

He added that the reference to the "lack of accountability" was made for the same reason.

He had the following to say about "termination of staff":

> I think the church structure unless you commit a adulterous sin or a theological sin it's almost virtually impossible to terminate somebody and at least the administration or the boards generally have a very difficult time bringing themselves to that position. Whereas in the real business world I'm going to step up to the plate and do it because it's my money that you're bleeding away.

About "shared control", he said: "Well, maybe the college board versus the Alberta Conference board versus the Church in Canada board. Who was stepping up to the plate?"

About "becoming involved in tough business negotiations", he said:

> Although we attempted as a college to get updated somewhat, our management expertise was never updated and our systems were never updated and we were clearly out of step and out of date on that issue.

Smith's conclusion was that with the current structure of the Church, it should not own and operate businesses:

> Generally this church in Canada should deal with its first mandate which was the

> gospel instead of business. Unless we as a church are willing to reorganize our whole philosophy and our structure and our way of establishing committees/. And some church organizations have done that quite successfully.... But it's totally different than the way we operate within the [Church]. We have to completely change to a different system in order for us to be involved successfully in business. We just simply/. The way we're structured now is a failure.

Staffing issues Factory members focused on several issues relating to the Factory's staffing functions during this period. Firstly, a new dimension of an old issue arose: the hiring of non-Church members for management positions. Secondly, some of the new management members felt other management were too hesitant to lay off workers during slow periods. Finally, top management considered training to change beliefs and attitudes important during this period.

Thomson wanted to hire managers who were not members of the Church. During previous periods non-Church members were hired for non-management positions, but Church administrators and board members were still resistant to hiring them for management positions. Thomson believed that if the board maintained strong guidance and direction, there would be "no reason why you couldn't ever have a non-[Church member] in the ranks."

Tonell believed that there needed to be much more willingness on the part of management to lay workers off when orders declined. In the following statement he explained how he perceived the traditionally accepted "mentality" as well as his desires regarding layoffs:

> The same with layoffs. Like the mentality was 'Okay if we lay people off/.' Okay this is what always I can't understand 'cause if I don't have the orders, you go home or else you're paying $50,000 every two weeks on salaries. Or in payroll here, okay, whether we produce sets or not. The only way we can get our money back is if we're producing sets. So the thinking was 'Yeah well there will be the slow down effect.' It's not a secret when orders are slow and then there's a slow down all of a sudden you're doing 25 sets a day.... They don't want to be laid off and you can't blame them. You know I don't want to be laid off either but the bottom line is it's all detrimental. In the long run nobody's going to have jobs, so, yeah, you *have to* think the hard line now when you lay them off.

Tonell believed that the layoffs during low production periods should include office workers as well as production workers. He said "you *have to*" be prepared to layoff office workers when sales drop. The following statement by Hendrick indicates that he agrees that ability to compete depends upon the Factory becoming more like "real business" taking more of a "hard line":

> People in the church have different business idea and work ethics and a different mentality. I guess like the conference office and stuff like it's not a real business. It's kind of a sheltered environment where people don't/. They don't know what's going on in the real world. I mean like I guess people on the hill, that live there in the community there and stuff really don't get involved with/. I mean if they've worked on campus or whatever all the time, they've never really been exposed to what goes on in real business and it makes it tough to run a business because they have a whole different mentality. The real business world is dog-eat-dog and go go go and church mentality is laid back and you know take a few days off here and a week here and it's a different mentality.

He went on to say that that "mentality" had to be changed:

> It's just that you *have to* - and that's why we're having such a tough time now trying to - train them to change that mentality. The problem is with the mentality. Supervisors and stuff that have been in that kind of environment all the time figure they're always so concerned about the workers. 'The workers. You got to do this for the workers. You got to do this for the workers. You can't do this for the workers. You can't do/.' Everything's got to be worker-oriented. Well, yeah, you got to be fair to the workers, but the thing is if everything's going the workers' way and you're not making any money I mean it doesn't matter what you do for the workers if they don't have a job.

In the February 13, 1989 business plan, Thomson stated his values about training. Under the heading "Training of Supervision", these values were stated:

> It is imperative that the supervision be trained completely in their function. This involves
>
> Health & Safety
> Labour Laws
> Company Policy
> Disciplinary Procedure
> Organizational Skills
> Motivation
> Training
>
> These are the basic skills all supervisors *should* know. As well they *must be* versed in the payroll functions, budgeting and engineering.

Thomson believed that part of the training of supervisors should include training in how to confront. He valued a willingness to confront problems. In our interview he repeatedly spoke about a need to confront issues and people. To illustrate, he told about one of his sales agents who was not willing to approach difficult customers or more challenging big customers. He said this "nonconfronting attitude" was the "wrong mentality. You *got to* be up front. You don't hope the problem goes away." He explained how confrontation relates to training:

> I think that's what we're talking about. That confrontation thing is the same problem as part of the training with the supervision and stuff. It's the same problem 'cause they are afraid to discipline people and I guess it almost comes down to the fear because other problems they've been around and they know each other and so on and they think it's a bad thing to do so. We'll see how it goes.

Tonell agreed:

> I think when Shaun came in '87 or something there was/. Um this is a big organization. It's like too big to change easily. You know they *got to* get all the wheels in motion and try to slow down and change it from one way of thinking to another and it's involved a lot of retraining and uh I think that's the biggest thing we *had to* overcome here was retrain the philosophies.

Tonell also said: "We *have to* go/. We *have to* train the supervisors so they can pass it on again. It's all same common goal. Okay this is what we *want*."

E. Saliency of values

In this section I assess the saliency of the values discussed above based on the power of the value holders, the commitment strength with which they hold values, the degree to which values are shared among those involved, and the presence or absence of competing alternative values.

During this period the desire for profit very clearly became the most salient *raison d'etre* value. This desire for profit was no longer a desire merely to avoid loss. This value had come to be strongly held by the most powerful members. Again the change in saliency is explained to a large extent by change in personnel. Thomson was the most significant new player during this period. He was very strongly committed to the values he held and he was very powerful in the organization. He explicitly rejected previous values regarding the provision of employment for students. He believed the desire to provide work could be best met by pursuing profit. Therefore, both the desired educational and economic outcomes from providing work for students were viewed as by-products of achieving a strong profit position. As such, they were not viewed as competing alternative values as had been the case by participants in the previous pivotal period.

Thomson actively worked to change the saliency of values. He recruited people around him with values similar to his. He insisted on changing previously rigidly held policies (e.g., the proscription of hiring non-Church member managers) to achieve this end. He convinced key decision makers at the board level to accept his way of thinking. Thereby, the values he held became more widely shared among powerful participants and increased in saliency.

Values at the second level (i.e., values about organizational activities) were continuations and elaborations of the values held in previous periods. They were salient because the most powerful participants were strongly committed to them.

Power of the holder of values and the strength of commitment to values were the most important factors in determining value saliency. Being shared throughout the membership at all levels was not a strongly determining factor. As noted above it was the values of the top-level managers that led the changes in values. However, during this period there is no evidence that lower-level members strongly held opposing values or any values that were significantly different from top-level members.

7.2 Organizational design in place during the period

In this section I will outline the significant structural changes that occurred prior to and during this period. I will also address a design factor that lost most of its significance during this period: the relationship between the College and the Factory. Then I will discuss various other design elements.

Organizational structure Figure 7.1 shows a Factory organization chart prepared in January, 1989. There were several significant changes made following period P_2. The most significant structural change following P_2 but prior to the bankruptcy was the instating of the "director of sales and marketing." Also in April, 1988 a full time

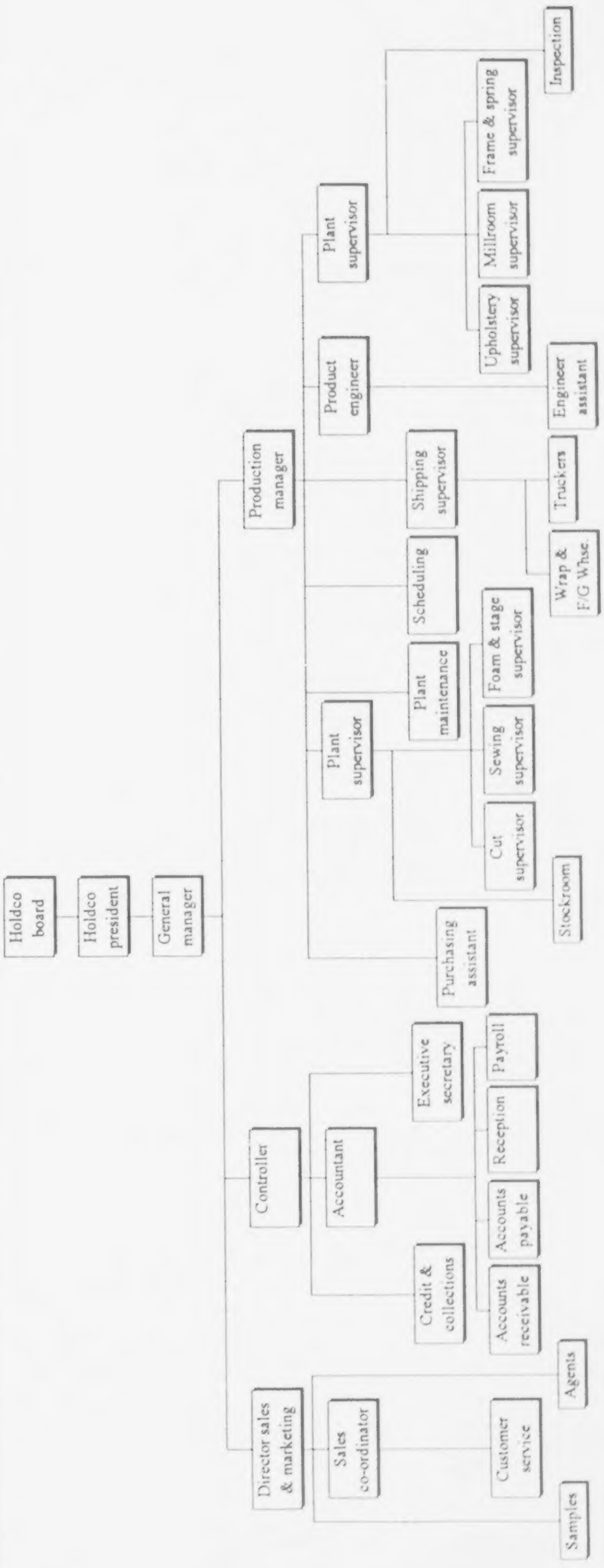


Figure 7.1 Organization chart, January, 1989

Holdco board
Holdco president
General manager
Director sales & marketing
Sales co-ordinator
Customer service
Samples
Agents
Controller
Credit & collections
Accountant
Executive secretary
Accounts receivable
Accounts payable
Reception
Payroll
Production manager
Purchasing assistant
Plant supervisor
Stockroom
Cut supervisor
Sewing supervisor
Foam & stage supervisor
Plant maintenance
Scheduling
Shipping supervisor
Wrap & F/G Whse
Truckers
Product engineer
Engineer assistant
Plant supervisor
Upholstery supervisor
Millroom supervisor
Frame & spring supervisor
Inspection

scheduler was positioned. The Factory board hired an engineer in 1988. Following the preparation of the organization chart but prior to the bankruptcy several significant changes occurred. The engineer and the director of sales and marketing were "let go" as a cost-cutting measure. Thomson filled the position of sales manager concurrently with his general management position.

Prior to the bankruptcy, there were a series of layoffs. At the time of the bankruptcy the total number employed was 55, about half the number employed in 1989. Following the bankruptcy, there were no significant structural changes.

General relationship between the College and the Factory: Following the transfer of ownership of the Factory to Holdco, officially the only remaining tie between the College and the Factory was a landlord-tenant relationship. The College retained ownership of the Factory land and buildings. This final tie was broken in 1988. In March, 1988 Holdco acquired the Factory building and land from the College in exchange for shares in the farm enterprise.

An informal relationship to coordinate the employment of students did continue. Tonell reported that the College student employment officer was cooperative in providing students when the Factory needed them. I asked Hendrick what relationship continued after the bankruptcy:

> There's just absolutely no connection whatsoever. They don't come down to visit, they don't consider/. I mean you don't get involved in anything like it's just totally a separate thing. I mean you're nothing. You're a whole different strange outfit. If you want somebody you can phone up to the student finance and you can say, 'Well send down some kids' and they'll find three kids that are unemployed or three kids that have come to the employment office looking for jobs and send them down. You interview 'em if you want them. If not send them back. And we pay the kid. We give the kids the cheque. The school has nothing to do with it.

I asked if the relationship was negative or positive. He replied:

> I don't know. Probably more negative. It's nothing I guess. I don't know. They never come. We don't know who is faculty anymore. We don't even/. We used to be an extension of them. I mean we're not extension of them on the phone. We have our own phone lines. There's nothing really.... I think it would be nice if there was but I there's nothing, absolutely nothing. They don't know what we do and we don't know what they do and they give us no breaks. We give them no

> breaks. I mean we don't even sell to them anymore. We don't even sell to faculty or anything else. It's strictly wholesale.

The truthfulness of Hendrick's contention was demonstrated to me while I was doing fieldwork in the Factory just prior to the bankruptcy. The College president came to the Factory to meet one of the Holdco board members who was in the building for a board meeting. As the College president passed by, Tonell asked Hendrick "Who's that?" Hendrick said, "He's the president of the College." After being employed in the Factory, which is situated on the College campus, for almost two years, Tonell did not recognize the College president. This incidence provides evidence showing the low degree of contact between the Factory and the College during this period.

A. Domain

Products There were changes in the number of fabrics and styles offered and the price and quality of the furniture produced. Also during this period there were two shifts in domain: a move to the re-selling of products manufactured elsewhere and the introduction of mattresses as a new product manufactured by the Factory. Each of these changes is discussed in this section.

Following period P_2, the number of fabrics and styles was significantly reduced. The article in the alumni publication (referred to in Appendix A as the "1990 Alumni publication article") reported that "changes include[d] the reduction of fabric lines from 600 to 100; the styles from 47 to 15." In our interview Thomson's recollection was similar: "We threw out over half the styles and cut it back from 46 or 47 to 20."

Thomson also said that they moved away from having extremes (i.e., a "super high line" and a "garbage line") to having "a product in the upper low as leaders but basically ... in the middle of the market." He said after the bankruptcy they were moving from the "cheap stuff" to the "better end stuff." He said they started this move before the bankruptcy, but continued it much more "aggressively" after. Emery said they were trying to "go from a low-end-type furniture to a more high-end-type furniture as far as the quality of the product."

In November, 1988 Thomson reported to the Holdco board:

> Our marketing strategy will be to sell quality furniture at quality prices. We can afford to do this because our sales remain high. Our gross profit margins will be in the 20% - 30% range or greater.

In 1989 the Factory began re-selling furniture products. Initially, they purchased and re-sold recliners and occasional chairs. Thomson described this resale market to his sales people as

> the gravy to allow [the Factory] to be more important to you and the dealers and it helps turn the product through your territory. Without resale, the trucks running [the Factory] furniture and the mattresses would take a lot longer to turn.

Thomson pointed out that the rationale for this move was that the delivery system and customers were already in place, and the resale products rounded out the line for already established customers.

In June, 1990 the Holdco board "resolved that subject to the arrangement of satisfactory financing, [the Factory would] enter into production of mattresses." Emery said that they decided to produce mattresses to "supplement the program." That is, they wanted a "product that [they] could sell during periods when furniture sales were slow." He added that the Free Trade Agreement was causing more competition from the "South."

Markets Until just a few months prior to the bankruptcy the Factory management were attempting to expand the market for its products. There was a failed attempt to retail defective products. In May, 1988 the Holdco board:

> resolved that the President be authorized to establish a factory outlet for [the Factory] and [the Press] in [a nearby city] under the name 'The Factory Outlet' or other suitable name provided the start up and operating costs do not exceed $1,500 per month excluding salaries. The president informed the meeting that the outlet would offer furniture seconds.

This outlet store was not successful and was closed later in 1988.

Management viewed their ability to service small retailers as a strength. In the early part of 1990, Thomson was quoted in the College alumni publication (referred to in Appendix A as the "1990 Alumni publication article") as saying:

> We feel our strength is a good quality product and good customer service. We are

> important to the smaller stores because they can buy one, two, or 10 chairs from us. They do not have to purchase a whole truckload. We are trying to be very important in the furniture industry in Western Canada.

At the same time Factory management was attempting to geographically expand the market for Factory furniture. The same alumni publication article mentioned above reported:

> [The Factory] is selling right across Canada with the exception of Quebec. The Maritimes has provided a lot of business and a warehouse has been set up there. Northwest United States is another market stronghold as some American companies are deciding to look at Canada.... Trade with another [Church] organization in the states is being investigated. There is a major business contact in Saudi Arabia and a significant shipment is ready for that country. Just before the July break, the first order of furniture went to Hawaii.

Warehouses were leased in Tacoma, Washington and Moncton, New Brunswick in late 1988. However, these expansion attempts were not successful, so the warehouses were closed. By the time of the bankruptcy, their furniture was sold almost exclusively in Western Canada.

After the bankruptcy management began again to plan for market growth. In an interview with Thomson after the bankruptcy he said the following about market growth plans:

> We've added mattresses, so that's another increase there. We can now add territory, okay. With the dollar the way it is I can go down into the Northwest United States and start doing some decent business in my better product. Okay that's the only way left we are going to grow. If we were to stay just in the old upholstery we'd be stuck and we'd be that way forever and probably shrinking.

B. Job specialization

No mention was made to the degree of job specialization during this period. There was apparently no significant change in this area of organizational design.

C. Formalization

The trend toward increasing formalization continued during this period. I noted in the previous chapter that Thomson had a significant impact in fueling this trend. As noted above, Thomson was very desirous of having policies, regulations, instructions, job descriptions, reports, etc. in writing. He disparagingly referred to the lack of formalization at the time he entered the Factory:

> When I got here ... there was nothing ever written down at all. In fact I have a/. I think I have in my file somewhere the original job [description] which was given to me. It's pretty shaky."

Other Factory members attested to the fact that Thomson's influence led to writing more documents. Kathy Quinn, a department supervisor, reported that "everything's written down. I mean if they want you to do something it's written and stuff a lot more." She said this has happened since Shaun came "because he said you can't go on just verbal. Everything has to be documented by him."

In Thomson's November 27, 1988 report to the Holdco board he stated:

> This [area of company policies] is one of the weaknesses we still face. I expect within the first quarter of '89 we will have the majority of these in place. My primary concern is employee type policies that set the standard for employment, i.e., job descriptions, wages, vacations, etc.

In the business plan dated February 13, 1989 under the heading "Company Policies" it was stated:

> We will develop a full range of Company Policies. They will include all areas of concern for both Company and Employees
> HIRING
> FIRING
> TRAINING
> HOURS OF WORK
> GRIEVANCE PROCEDURE
> WAGES
> DRESS
> SAFETY
> EXPENSES
> BENEFITS

Thomson was also diligent about implementing and following prescriptions outlined in these written documents. For example, Tonell told about an incident "when Shaun first came to the factory." He said:

> There was one worker who regularly came late. He was given letters warning him, but he never read them. Then Shaun gave him a letter telling him he was fired for

> coming late all the time. He never read that one either and he showed up for work and Darrell asked him what he was doing. Darrell told him he had been fired. That one firing was enough to make everybody realize that he was serious about workers being on time.

Thomson also said that:

> One of the biggest challenges ... was I didn't know who was working and who was visiting. Seriously. You can laugh. It was unbelievable. One of the first things when I got control I just hung these signs out: 'Employees only.' You know, gates, you know, 'This is authorized personnel only.' You know, 'we shut door', 'we punch cards.' People are late, you have to sit 'em down and say, 'why are you late?' 'Okay, well, got a reason.' 'Oh you're late again.' 'You're late again, I'm sorry we can't run that way.'

Thomson also expressed his belief that the discipline needed to be more stringent compared to what it was prior to his tenure:

> They used to have a $50.00 fine for doing dangerous activity out there. I say, 'Turf the fine man.' If there is something dangerous going on out there, turf the employee. And I have, too. It wasn't too long after I took charge there was some young fellow out there ended up burning the girl on the shoulder with the glue gun 'cause they were horsing around. And prior he was warned for something else and after he burned her I called him in and says, 'Hey you know I don't care if you're horsing around or not you know it could have been worse. We talked about it before. Have a nice day.' [i.e., 'You're fired.']

Tonell also believed that it was important to "follow up and do the enforcing" of policies. When I did my field research just prior to the bankruptcy, Tonell told me he would like me to always wear a "Visitor's Pin" while in the operating plant, because he wanted to "abide by the rules to set a good example."

The Holdco board shared the zeal for formalization. For example, on November 27, 1988 they resolved that their lawyer "be directed to prepare contracts of employment of all employees, [and that] the contracts of employment for each of [the top managers] be reviewed and clarified in written form." However, at the next Holdco board meeting on January 29, 1989, Thomson "recommended that the concept of written employment contracts be delayed. Instead, a short letter agreement will be prepared for each of the senior managers." His recommendation was accepted.

During an interview with Tonell in 1991, he told me that the writing of job descriptions was something that was not done as extensively as the management would like because "these things take so much time." Later he told me that cutbacks in personnel made it difficult to keep up with things like writing job descriptions.

When Tonell stated his organizing principles values regarding the need to change the "mentality" of Factory members (as noted above in Section 7.1 (D)), I asked him how he was effecting that change. He answered:

> Basically it's a lot of training. What we did is we said/. We set up new policies, okay. Produce the book, okay. But that really didn't do it either 'cause we didn't have follow up there okay. We set it and we had meetings and you know but the hard part is changing people after they're set you know.

Sometime following pivotal period P_2, employee evaluations were commenced. Management intended to have evaluations done once each year. However, they did not consistently follow this plan. Tonell reported that for one year (either 1989 or 1990) supervisors and employees filled out forms rating the employees (i.e., a supervisor evaluation of each employee and a self-evaluation for each employee). Then the superior and the employee met and discussed differences between their evaluations. The following year this evaluation procedure was not used. He said that supervisors were to do an "Employee Performance Appraisal Summary" for each employee on an ongoing basis, but that these were being done inconsistently.

D. Recruiting, hiring, indoctrination and terminating

In this section I address staffing issues that were considered significant by the participants during this period: the labour markets from which members were selected and hired, authority given to management to hire and fire, the extent of pressure placed on management to hire students, the extent work was scheduled to fit the schedules of students, the use of layoffs to regulate production, and worship meetings.

Labor markets As stated above the requirement that management personnel hired must be Church members became an issue during this period. The Factory board hired three managers in 1988-89 who did not hold Church membership: Harold Ivy, Tim Pates, and Peter Tonell. I asked Thomson to tell me how he convinced the Holdco board to allow the first hiring of a non-Church member, because initially he like previous general managers had been given "the directive that [he] couldn't hire outside the church for management." He responded:

> Nothing serious. I just said, 'If you don't get somebody that knows selling you may as well close the doors.' I says, 'There is nobody in the church.' We had looked a little bit I didn't go and advertise - take the three months and advertise in the [Church periodicals]. I just said, 'I want somebody that knows the furniture business and I want them now. And this guy's available.' And so Steve [Inglis] was still here at the time, so he called [the Church Canadian conference president] sort of passed on exactly the same words and they came back a couple of days later and said 'Do it.'

Emery, Canadian conference treasurer and Holdco board chairman at the time Ivy was hired, incorrectly recalled Tim Pates as the first non-Church member hired into a management position. In fact, he was hired eight months after Ivy. However, Emery's recollection illuminates the perspective of Church administration regarding this labour market change:

> Our problem was to find [a Church member] who was willing to come in. That was our biggest problem. And so we wanted to try and get individuals or personnel who would do the job that had to be done. Once we got into the [Holdco] concept, we felt that we had pulled away somewhat from the church directly. Although we did have a concern about it, but on the other hand we were having an extremely difficult time finding somebody that would fit in. Now Shaun happened to know one fellow who came in as - Tim - who came in as the controller or business manager. And because they had worked in the same industry. So he knew the skills that he had in everything, what he could do as far as the accounting. So although we didn't feel comfortable with it we tried to set up something that we felt had an opportunity of succeeding as far as the operations were concerned. And you know he had the - what do you want to call it? - the concept, the objectives and everything explained to him as to what we as an organization were trying to accomplish.

Hendrick remembers "some flack" when the Factory board hired the first non-Church member manager. I asked him where the "flack" came from:

> Well, I guess like committees and stuff like the church committees and stuff. I guess there was a little static. Well, no I guess it was when what's his name Pates came there was a little static because he wasn't [a Church member].

I asked him if there had been any negative reaction from constituents:

> Well, yeah I think probably some. I think from the community and then some from the committee and stuff. Yeah there was a little bit of rumblings I heard but it was no big deal. They just said that was the way it was going to be.

Tonell told me that Thomson invited him to work in the Factory to help change the "mentality" of the supervisors and workers. Seeking clarification, I specifically asked if Thomson brought him to the Factory to change the "mentality" away from such things as "being nice guys", allowing freedom in work hours, and flexibility in attendance, especially for students:

> Definitely is one of the reasons, yeah. Yeah. Change of thinking it's just new thinking it's hard to change all your people working 20 years you know.... Shaun came from the same place I worked for, so that's how he knew me and we seen it work in other places, okay. And I've seen lots of factories just through work in other places.

Based on the available data this hiring is the first one in the history of the Factory that a manager was hired with the explicit purpose of changing values. In fact, it is the first time that managers consciously attempted to change values. Thomson spoke about needing to change the "old mentality." He said it was difficult to convince managers who had been Factory members for a long time that "this is the way it should be. This is the way it can be." After so many years of failure, they say "Yeah, I've heard that before." They had "lost the enthusiasm for the job after [being] beaten to death for so many times." To illustrate his point, he talked about selling the product. He said it was difficult to change the "old mentality" among salespeople that arose "in the old days [when] selling was easy - more order taking than selling." He wanted salespeople to know that "this is our new company. This is our new theories of how this is going to happen and you have to go make it happen."

There was also government regulatory pressure to select and hire non-Church members. One top manager told me that the Labour Relations Board made it "difficult for the Church to impose any values." To illustrate he pointed out that Factory management "can't make the employees have worship [and] they can't hire only [Church members]."

Authority to hire When Thomson became general manager he insisted that he be given authority to "deal with people" and "do hiring and firing." Previous general managers had been given this authority. However, a new phenomenon during this period was the sharing of this authority with Factory supervisors. One supervisor reported that she was more involved in hiring decisions, because Thomson "figures the supervisors should get involved in it." She went on to say that supervisors "never did [hiring] before."

Pressure to hire and the extent of hiring students During this period pressure to hire students was very weak. All interested individuals and organizations were willing to suspend such pressure and allow management to focus on survival. The absence of pressure to hire students is evident from the fact that records of student employment were not systematically maintained. The last published statement of student employment was in the "1990 alumni publication article" (see Appendix A). This article stated that 45 students were employed by the Factory. In the months leading up to the bankruptcy students were virtually eliminated from the payroll.

Smith, a member of the Steering Committee (see Appendix A for an explanation of the role this committee), said the following about the hiring of students prior to the bankruptcy:

> We looked at it and we studied exactly for the last number of years how much student labour has been provided year by year. And in fact it was on a declining level and the more money in, the less student labour was used.

The actual drop was from approximately 65 students at the end of period P_2 to approximately 45 in 1990 (see Table 3.3). I asked Smith what reasons had been given to him to explain this decreased use of student labour. He replied:

> The reasons that we were given were that the student labour was somewhat seasonal. That they had less opportunity to use the student labour because as they mechanized the factory and some of the jobs became more skilled it was less opportunity to use student labour. The sales would fluctuate and then sometimes when they would have a need for additional labour the easiest was to pick up community labour rather than student labour. And also they hire some labour was quasi student - like maybe the spouse of a student and that became full time labour rather than student labour, what they considered to be soft student labour.

Almost all of the students were terminated during the two months immediately preceding the bankruptcy.

After the bankruptcy students were hired if management deemed students to be the most efficient workers for particular jobs. One supervisor explained how she perceived the hiring of students in the post-bankruptcy period:

> I mean we hire as many [students] as we can but the goal is that you have more full time than you do students.... Well if we can hire students take a morning and an afternoon and we can see that that's going to be quite profitable then we will go that route because it's cheaper for us because you don't have as much labour to put into it because you can hire students cheaper.... But some places we're changing our thinking because invariably you just can't depend on students and that job has got to be there. It's got to be filled and you can't work without it.... Some [managers] are thinking 'no students.' A lot of them are. And some positions where we used to have more students they're thinking about saving that time and maybe just going with one extra full time person or something.

She said that prior to the bankruptcy, students were protected and treated like they were in a "little shelter." Referring to post-bankruptcy period, she said: "We're beginning more to treat them like if they were outside, not in a little shelter."

Referring to after the bankruptcy, Hendrick, production manager, described management's desire to hire students:

> If the students are no good, we don't fool around with them. I mean you know. If the students don't want to show up or if they're absent four or five times, we say, 'Have a nice day.' We don't have time for the aggravation either. Especially now when we have no ties whatsoever.... We just pick the cream of the crop and those that don't want to go along with the program, they just have a nice day.

Scheduling The College officer for student employment from 1987-1991 said that scheduling conflicts caused Factory management to become less and less willing to hire students during his tenure. He said they stopped hiring students who were in the band, choir or tumbling team to avoid conflicts with tours. He said this process occurred as they became more concerned about making money and stopping the losses. Tonell said that he would tell this College student employment officer

> I need a student that can work 7-12 Monday to Thursday. Don't send us anybody else who can't work that. And he helped with the program. He knew the rules. He said, 'Here I got three kids I can send down.' There's kids and we worked from there. It can work both ways. Doesn't always have to be one sided for us. Like if he needed a kid that was having trouble financially and he was a good kid and he could work our hours and he got the job, you know. But again he had to fit our program. Don't send me a kid who was going to be good for two hours and has to go 'cause he's got Biology lab and then come back you know. How do

> you control that? You don't know who's coming or going or/.

Tonell also said that he

> set up a thing where let the kids decide: 'If you're going to be employed here, you're expected to be here when the plant's working.' Okay, when school shuts down not everybody goes home and leaves us 20 kids short.

One supervisor believed that the change in regard to scheduling work time and class time occurred on the College side rather than the Factory side. He said that the whole time prior to bankruptcy the Factory management had "the objective of providing student labour." The difference, according to his perception, was that the College "wouldn't try to arrange scheduling so the students could work decent hours." I directly asked him whether there was a concurrent shift in the Factory managers' attitude such that they were more determined in their requirement that students have large blocks of time available for work. He said, "No." Hendrick, the production manager, agreed. He did not believe that the College administrators attempted to coordinate the class schedule with the Factory's work schedule:

> Now the thing is the college doesn't give a rip. They have classes any times of the day and I mean they just fit it in because they have such a big program up there and if your work schedule doesn't work you just go and no big/. I mean that's your problem. The college doesn't care about it. You know and then they started putting choirs at 11:30 and stuff 'cause they couldn't work it in their program so they didn't really care about the industry program. Before it was they had certain grades had all morning block, certain grades had all afternoon blocks and nothing interfered. Now they can't schedule around a work program so if the kids come to school and they find a job, fine, but if they don't then the parents are obligated.
> CA: They don't even try to schedule around work anymore?
> CH: No, they don't even phone and ask what your work hours are anymore.

Layoffs and terminations Temporary layoffs and terminations became more prevalent prior to and during this pivotal period. Due to the heightened consciousness of cost control, workers were laid off whenever there were insufficient orders to do production runs efficiently.

Worship meetings Worship meetings were still held just prior to the bankruptcy but were voluntary, on the workers' time, and very few attended. They had become an insignificant element of Factory relationships.

E. Training

As noted in the organizing principles values section above (section 7.1 (D)), the management desired training. The area of training that they believed was deficient was the training of managers. Thomson told me how he and Hendrick

> sat there and talked. Came up with the conclusion we're working with a totally untrained staff out there, like mainly our supervisors.... So anyway we started a new training program.... And just show them some basics just to/ Well you're going to refresh their memories because they are these people and they've never had the down and dirty stuff to get to where you want to be.

I asked Thomson to elaborate on the type of training he provided to his supervisors. He replied:

> You have to know what supervision is all about. You have to deal with people. How to control people. How to get what you want out of people. It's not difficult. It's just somebody has to say, 'Here's how you do it.'

During the period following the bankruptcy, Thomson began doing "Monday night seminars" for the supervisors. In these seminars he

> explained more than anything else: start from the basics. What's a business, you know? Why are we here? What if we don't make money? What happens? And just sort of the generalities that you sort of assume people know. Start working down/. We worked down to the productivity level. We actually went out on the floor and did some/. I had them have some work ready in their own departments and then we had them do some work and then we did some timing and some rating and said this person just so they understand and then we had this discussion.

Task-oriented training was also conducted during this period. For the new mattress business, Thomson reported training plans:

> I got two guys going down to the mattress company in Montreal in January. They'll go there for a week, see how they operate and they'll actually be trained. [They] agreed to put them right on some equipment and show them how it's done properly and with some speed. We'll also videotape it and everything.

F. Compensation systems

Since the transfer of ownership to Holdco, because management salaries were no longer based on the denominational salary scale, they received much more attention by decision makers. As in previous periods piece-rate wages were the focus of both management and recipients. These two aspects of compensation are addressed in this section.

Management salaries climbed to higher levels relative to those in previous periods. For example, the general manager's base salary in 1988 was approximately twice that of the general manager just prior to the inception of Holdco in 1985. However, in a loss situation the bonuses were more generous prior to Holdco. The Pre-Holdco general manager received 0.25% of sales as a bonus. The managers during Holdco's ownership were to receive a share of any profits rather than a percentage of sales.

For example, on January 29, 1989 the Holdco board "directed" Thomson "to prepare a proposal for profit sharing with senior management based on sharing of 15% of profit." On May 12, 1989 the board approved the sharing of profit among management as follows:

General Manager	4%
Controller	2%
Production Manager	2%
Sales and Marketing Director	1%
Mid Management & Supervisors	2% to be shared equally
Plant and office staff	4% to be shared on basis of hours worked

Piece-rate wages were referred to often. The workers debated whether the rates were fair and the management debated whether they increased productivity. Prior to this pivotal period, the management were making a serious attempt at "restructuring" the piece rate compensation system. They had hired an engineer to do "whole new time studies." Pates, the controller, told how this effort was thwarted:

> Then the person [the engineer] that they had for that [the time studies] was let go and other more critical things in day-to-day operation I guess came into play and sort of fell by the way side and slowly met it's demise. Well it was always the intent to and a good start had been made on it. Different time studies done and so forth on those rates in order to modify them properly but/.

Thomson also told me that they intended to extend the use of the piece rate compensation system. At that time most of the upholstery and springing workers were on the system. Tonell told me that the pay scale was not the way they wanted it, but they didn't have time to correct it. They didn't have time to do time and motion studies.

However, for some jobs piece-rate wages were discontinued. One first-line worker in the foam and stage department told me how members of his department had convinced management to discontinue the piece-rate system in their department because of inequities and quality problems.

Thomson said that he favored "incentive" compensation systems rather than "piece rate" systems. He told the following story illustrating how he used "incentive" wages rather than simply "piece rate" wages to motivate:

> One of the first things we did was set up a stock room - a raw materials stock room. And they needed it was always three guys. 'Have to have three guys for all the stuff you want for all the issues received.' I says, 'You don't need three guys.' We used to have three guys and I think two students. And uh so I just couldn't break that and I mean nobody could tell/. I had nothing to show them other than just decreeing and then you're loosing the battle, so I said, 'Let's make a deal.' So I called the two main guys in.... I says, 'Gentlemen we did the budget and this is how much money we're spending a month in that warehouse and here's the plan.' I says, 'You two guys are the main figures.' I says, 'I need/.' I went down the list of all the stuff I needed to have done. I says, 'You need a student. You will arrange with the supervisor.' Anyway I just told them I says, 'Here's all we're prepared to spend.' It was quite a bit/. It was substantially less than the run rate. You know 'cause we had all these people here and I said, 'This is all we're going to spend in here and here's how we're going to do it. Um we'll take the actual/. This allows for the two guys and a little bit.' I says, 'I'll take the actual and this is what we'll spend and you guys split the savings. Split the difference.' Well, it wasn't too long/. It wasn't too many weeks 'til we didn't have any extra help in there. I'll tell you. And so I told them I says, 'Once you catch up to it then you know, this is not going to be an on going program. This will be for three or four months.' And they made themselves some good coins on that. But it proved a point. No, it's been good ever since, but that's the type of thing you can put in place. You can save the company - can save quite a bit of money and it gives latitude. Like I didn't go down and say exactly what they got to do. I says, 'Here is what I wanted done down in that department. You guys do it and you reap the benefits.' It didn't take them too long to put their heads together and figure it out.

In his business plan developed in 1989 (see Appendix A), Thomson detailed his intentions for incentive systems:

> There are many types of incentives available. The company will select the proper incentive packages to give it the ability to achieve a specific end.
> These incentives may take the form of:

- Piecework
- Profit Sharing
- Budget Management
- Cost Reduction Sharing
- Group Bonuses

In the business plan Thomson specified management's intention in regard to wages, salaries and benefits generally:

> The company will pay competitive wages for the industry it is in. It will also take into consideration the location of the facilities. This may have a bearing on the wage structure as well. Wages will be tied to the job, not the individual. This pertains to plant direct labour as well as any office and management position.

Prior to the bankruptcy Tonell reported that some workers were paid more than they were worth due to historical incremental increases that were not in line with their productive capability. He said that they were not meeting their objective of paying competitive wages "tied to the job, not the individual." They used the re-opening following the bankruptcy as an opportunity to correct these perceived excesses. The new management hired back many of the employees at a lower wage or salary.

Predictably, the workers did not perceive excesses in the wages. Just prior to the bankruptcy, one first line employee told me that he "knew" workers at other similar plants received better wages than workers at the Factory. He also expressed dissatisfaction with his wage in comparison with upholsterers. Another worker in another department agreed that there were inequities in wages among departments. He also mentioned the upholstery department as having an unfair advantage in wages.

G. Planning and control systems

The trends toward more participative decision-making and increasingly formalized decision-making continued during this period. Even before the bankruptcy the effects on student labour were not significantly considered while making decisions. The change in ownership had a significant effect on how decisions were made. In this section I will elaborate on these decision-making issues. I will then address other issues involving planning and control: costing and computer systems and budgets.

Decision making Planning and decision making became a much more formalized activity during and just prior to this pivotal period. Thomson perceived that planning had not significantly guided decision making prior to his entree to the Factory. He said:

> I don't know what they had in the past like way back but I wrote up one of the first business plans that they had had in a long time. Other than just coming to work and you know and fixing the problem and saying we have to change our product we have to change our sales strategies, get management working together and you know get information flowing and get everybody on side. It was a big/. It was just an extraordinary project.

To illustrate Thomson compared their current attempt to move to a higher end product to the previous management's decision to manufacture the Clayton Marcus line:

> But with our changes yes we're going to that new coil seating stuff and a lot of people come back and say, '[The previous company] did that years ago.' With this Clayton Marcus the difference between this venture and the Clayton Marcus venture is that we do our home work. I spent probably almost a year getting all the facts and figures on what had to come off the line rather than just saying, 'Now we got a Clayton Marcus' and sell it. They had no idea when I asked them how many Clayton Marcus sets you produce a day. 'Oh I don't know.'

Hendrick is probably more qualified to make comparisons because he was present during both processes. He drew comparisons as follows:

> But see that's what's positive now because like if there's goals and stuff Shaun and I will sit down and we'll work goals or we'll haul in Eric and Peter wherever they're involved and you made your goals right there. You don't have to go through committees and everything else. You know you sit down and well, what kind of promotions, marketing promotions are we going to get? Well you sit down and two of you get together and these are the marketing promotions. In an hour or two you're done and away you go. And there was none of that kind of stuff done like when any of those other managers were there.

Hendrick attributed much of the change in decision making to the transfer of ownership to private individuals. There was no longer any board. The owning individuals made the decisions.

Tonell said that the fact that the new majority owner was a business school graduate significantly affected the way he made decisions. He said his education influenced him and therefore "he knows the importance of information and he supports [management] and if we need a new computer to get us this, he's not worried about spending the $4,000 to get the information."

The trend to greater participation in decision making continued during this period. This trend was most evident by the committees and meetings that were scheduled formally and regularly. For example, a new product committee was outlined in the business plan developed by Thomson in February, 1989. The following description demonstrates the participative style:

> New products will go through a screening process which will be an important aspect of the New Product Committee which will include the Senior Managers plus the Engineers of both design and the plant. The purpose of this committee is to keep close communication in relation to the company direction, design, production, sales, marketing, finance, personnel, etc. The meeting will be chaired by our Sales & Marketing Manager and will be held on a regular basis as well as when required to discuss new products.

Another example of increasing participation was the introduction of a weekly customer service meeting. The committee meeting included people from sales, production and finance. Thomson described the meetings as follows:

> We'll sit down. We'll look at whose the current problem? Okay what's our shipping like? What's our production like? What's any customer problems with repairs, with whatever? Go over the fabric and so everybody sees and hears the same conversation and so that you can look at and say, 'Okay, what, how can we improve customer service?' Because the more he can sell, it's better for us.

Following period P_2, there were several major sales meetings. For each of these meetings all of the sales people were invited to the Factory for several days of meetings.

Not all planning and decision making was conducted participatively. For example in May, 1988 Thomson wrote the following to Factory supervisors:

> BASIC PLAN
> Increase production from the average of 60 sets per day to an average of 90 sets per day by September. From May to September is 16 weeks, first week of May will be Week #1....
> Each department will be responsible to meet this schedule. There must be written plans from each department as to how this schedule will be met. These plans must state, in detail, requirements such as hiring, incentives, training, etc.

The final aspect of decision making that I will address here is the degree to which student employment concerns were considered in making decisions. The introduction of the production of mattresses provided a good test of the extent student employment affected decision making. I asked Emery, who was the chairman of the Holdco board at the time, if student employment was considered in the decision to begin manufacturing mattresses. His answer demonstrates that this consideration was not significant:

> Well it was there. We felt that if we had the mattress unit going, there would still be some student employment. We recognize that we may not be able to provide as much student employment as there was in the past. But the other thing too was to keep a viable operation going.

Costing systems and computer systems As in period P_2 management did not have faith in the Factory costing system. Thomson told how he decided to "close down" a "big customer" because the Factory was selling product to that customer below the Factory's cost:

> I closed down some big customers. I looked at our thing and said, 'Well, where's the cost?' 'Well, we don't have any cost.' 'Well, let's look at this.' So we did. One of the biggest styles we had/. It was one - a fifth that colonial thing. I looked at it. Did some rough costs on it. 'We definitely can't sell for like this.' There was a customer in Saskatchewan - Buy Rite, I think it was - were buying I think almost a million dollar/. They were a million dollar account or 750. It was a huge account for the company and they were giving each one away. I said, 'Well, why don't you send them a 20 dollar bill save the aggravation?' So I got on the plane right now after I found it out I called the guy up. I says, 'I'll be there tomorrow we got to talk.' Grabbed my stuff, flew there, said, 'You know starting such and such a date these are your new prices. We'll deliver for a few of these orders. I won't even deliver all the orders,' I told him. I says, 'Hey, I can't afford to do it. I'll give you these couple that were pre-sold. The rest: have a nice day.' That's how we left it. I think it was six months later they went out of business. They were just stealing it here.

Throughout this time there was continual effort to improve the system. For example, on November 27, 1988 Pates, Factory controller, reported to the Factory board:

> It is our intent to implement a standard costing system. Initially we will be using current costing data and measuring factory performance against those costs. It will then be necessary to adjust costs over a period of time after time study, material performance measurement, etc. Again, the capabilities are in the current computer software.

This system was never implemented on the Qantel computer system which they owned at the time, because:

> On July 14, 1989 the controller reported to the Holdco board that Qantel wanted $60,000 to bring the system up to date. This was too much. Therefore, a five year lease has been entered into with IBM for $95,000.00 over five years, plus interest. Maintenance is included in lease cost.

It was not until after the bankruptcy that management members were able to implement what they considered to be an effective cost system. When I asked one of the supervisors who held various supervisory and middle management positions before and after the bankruptcy what significant changes she saw occurring around the bankruptcy, she replied:

> Different ways of doing things were set up shortly after that. That's where our costing came in and all this sort of stuff. Right away and promptly right away that was set up which was a good thing.

A first line employee noticed a change right after the bankruptcy as well:

> They started getting into more dealing with computers and shipments and where before it was all done on paper like shipping and inventory. One thing I really did notice technological-wise was inventory. Everything was done in computers. This was done after the bankruptcy. They dealt a lot more with codes and stuff and when you went to the stock room unless you were a supervisor you weren't allowed to touch it. And they had to write down the code and everything was in code so inventory was a lot easier to keep from before bankruptcy than after.

Budgeting The new members of management during this period also perceived that budgeting during previous periods had been inferior. Pates said this about budgeting:

> Budgeting. They never really had a budgeting process or had a factory budget where people in the factory could work with what they had to work with. You know I mean the budget is not the end-all-beat-all but it offers some guidelines and so forth. Certainly is key in the overall plan. Able to narrow down and narrow in on those areas that are causing you problems or money and so forth.

The need to budget to control cost was a major concern during the period before the bankruptcy. Thomson said that after he became general manager in 1987,

> the first couple of years we just went right to and tried to plug the holes and say 'Hey, what's happened here? What's happened there? Why are we spending this? And no more spending here and stop spending basically immediately.'

In an internal report made to management in September, 1988, Thomson stated:

> There is going to be a major realignment of the company to maximize profits for these last months of 1988. There is also major adjustment to live within our own

> cash means without further cash injection.... Our company is in a very awkward position once again. One reason for this is that it has had a very casual approach to spending. THIS TYPE OF SPENDING IS NOW HISTORY. We must force ourselves to live within our means. I have already started by reducing overheads with layoffs, terminations and transfers. Now spending has to be addressed. Please co-operate with us in this crucial area of cost reduction.

In the report he listed cost-cutting measures that were to be taken. These included a wide range of items from major items like layoffs to minor ones like reduction in custodial supplies and stationary usage. In November, 1988 the production manager, Chris Hendrick, reported to the Holdco board: "Due to the shortage of cash, I have done all purchasing in the last 12 months on a 'Just in Time' basis, and have accomplished major inventory reduction."

The Holdco board also supported the preparation of budgets. In November, 1988 the Holdco board "requested budget schedules with all budgets prepared by management. In addition, [it] requested that all financial statements show variances from budget."

7.3 Organization performance evaluation mechanisms

During this period success was predominantly measured by profit and sales. Virtually all reports to the Holdco board and to the constituency included profit (or loss) and often they included a statement regarding sales: either total sales or the increase or decrease in sales. In the available data, student labour measures were reported only twice since pivotal period P_2. The first evaluative report including a student labour measure was found in the 1987 student year book's (a special anniversary edition) brief history of the Factory. The following evaluation of the Factory's success was included:

> After a small loss in the initial year [1954], the factory became a growing and phenomenally successful enterprise, fulfilling its objectives in providing substantial student labour, later employing nearly one hundred students.

A second evaluative report including student labour measures was found in a November 27, 1988 report to the Holdco board. Here the number of students employed in 1987 and 1988 were reported as part of a productivity report. These figures were reported along with full-time employee numbers in order to calculate full time equivalents, and the focus of the report was the productivity figures: "average sets per person."

Productivity was presented as a measure of success much more during this period than in any previous period. Reports telling about significant increases in rates of production were often presented to the Holdco board. For example, the following are excerpts from two consecutive reports in November, 1988 and January, 1989:

> Please note the comparative information below. The purpose of this is to give you an insight on what production has been doing over the last 12 months. You will note that there has been a very large productivity improvement in these 12 months, which is a major contributor to our profitability.
>
> In our last report, we advised that the production rate for November '88 was an average of 81.9 sets per day. For December 1988 the average went up to 88.81 per day. For the month of January, 1989, the first three weeks average is 72.2. This is incredible for a January, as previous January productions were in the 40's and low 50's.

Production per worker was a commonly mentioned indicator of success. For example, when I interviewed the framing/springing supervisor, he told me that when he returned to the Factory in 1985, it took five framers to frame 45 sets a day. At that time (1991) he proudly told me that two framers could frame 65 sets in a day. He attributed the improvement to some changes in the methods of production. Other managers reported similar improvements in production in other departments. Production rates were reported to the workers on a daily basis. A "Production Report" was posted on a board in the plant in a conspicuous location. Daily and weekly output by department was posted.

7.4 Emergent or prescribed nature of organizational design and performance evaluation mechanisms

Figure 7.2 (page 294) provides a diagrammatic depiction of values and organizational design and performance evaluation mechanisms. The nature (i.e., emergent vs. prescribed) of organizational design and performance evaluation elements is also shown in Figure 7.2. During period P_3 nearly all changes in design and evaluation measures were prescribed. An explanation for this is that the management of the period formally planned their actions to a greater extent than had been the case in prior periods.

Some elements that had been emergent in previous periods were prescribed during this period. For example, the predominant focus on financial indicators as means of measuring success, an emergent element during P_2, was prescribed by the Holdco board. Also the hiring of students only when efficient from a productivity stand point, which had been emergent in P_2, was prescribed during this period.

During this period no changes were found that were based on lower-level member values. All changes were led by top-level member values. As in previous periods lower-level members shared many of the salient values that became embodied in design, but there is no indication that they played a key role in leading either a value change or a design change.

7.5 Context: Environment and performance

Three aspects of the Factory's environment are discussed in this section. First, Factory members attributed financial problems to economic factors in the environment. Second, during this period they focused on changes in attitudes of all workers in their available labour market rather than primarily student workers. Third, prior to the bankruptcy members of the Church constituency were still perceived as influential in affecting Factory outcomes.

Economic environment Factory members viewed economic factors as heavily contributing to the bankruptcy. Specifically, they believed that the Free Trade Agreement between Canada and the United States, the introduction of the Goods and Services Tax by the Canadian government, and a general recession in the Canadian economy contributed to the demise of the Factory. After the bankruptcy, interviewees as well as document writers made repeated references to the Free Trade Agreement and the Goods and Services Tax as major contributing factors in the bankruptcy. The Steering Committee (see "1991 Holdco Steering Committee Report" in Appendix A) attributed effects to the Free Trade Agreement as follows:

> The introduction of free trade has led to a down-turn in the furniture manufacturing sector in Canada. Imports from the United States of the low to middle price range of goods has severely restricted the Canadian manufacturing

> market in that price range. [The Factory] has produced furniture which fits into the same price range category.

In an article in the Church's national periodical, the Church's Canadian conference president wrote:

> Through the first quarter of this year [1991] due to the recession of the Canadian economy, the effect of the G.S.T. and the free trade agreement, sales at the factory had plunged by 50% from the same period last year.

Prior to the implementation of the Free Trade Agreement Factory management did not think it would have a detrimental impact on their sales. Thomson made the following prediction at the November 27, 1988 Holdco board meeting:

> Free trade will not cause great problems for [the Factory] because of the fact that there are no major manufacturers in the northwest U.S. and across to the central states.

Later the threat from the Free Trade Agreement was perceived as much more serious. In January, 1989, at the time the agreement began to be implemented, Thomson reported to the Holdco board:

> Free trade has caused much concern in the East. Many large Canadian manufacturers are starting to import USA product to cover some of their product lines. It appears this is something we will have to investigate carefully in the immediate future.

Factory members felt victimized by the phase-in provisions of the Free Trade Agreement. The chairman of the Holdco board described how differences in phase-in provisions for fabric and finished furniture caused a disadvantage for Canadian producers:

> You know when we brought fabric in, we paid duty on it. Yet the U.S. could ship stuff [finished furniture] in duty-free. I mean it didn't make sense. I mean I don't know how the government was thinking on things.

Thomson told me that it was because of free trade that he began to consider the mattress business:

> Knowing this free trade would hurt the industry 'cause coming from the garments I knew that a labour intensive product would always go back into the cheaper labour areas and garments went way over seas into the jungles - third world countries. But here we're just like - most cases - two miles away. And I knew it was going to come quickly so we needed something else so I started looking at mattresses.

Thomson believed that the negative effects of the Free Trade Agreement were caused in part by poor judgement on the part of retailers:

> It wasn't the American product as much as it was the Canadians sucking it up, okay. What happens is you had all the good Canadian furniture agents running down to pick up American lines.... [The Canadian retailers] just see big dollar signs and nothing else to go around and they were buying the stuff like crazy without really looking at what they were buying you know.... Now they are going the other way you know. Their [American manufacturers] service hasn't been good. The product has been nothing but problem so dollar for dollar we're as good or better than their's okay. It's just that originally it must have taken two and one half years you know three years now to take it for people to wake up and say, 'There is more than just the up front dollar.' There's guys that sell that stuff for 59 cents for a sofa. Well, that's what you buy.... The consumer never sees it but from their side when they switch from [the Factory] to a Dick's Upholstery out of Mississippi they got a whole different ball game. They are just eating their bottom line like crazy. 'Cause a woman gets this and six months and all of a sudden she's sitting on the floor instead of on the spring, you know. She says, 'Fix it.' You know and it's not as easy as saying, 'Here take the whole thing', 'cause the manufacturer down there says, 'Hey pal that's why you bought it for 59 cents.'

Based on total cost to the consumer the Goods and Services Tax (GST) should not have been detrimental to furniture manufacturers, because it taxed these products at a lower rate than the tax it replaced. However, Thomson explained that there was a negative impact in spite of this fact. In this case the poor judgement was on the part of the consumer:

> GST was very simple. The retailers were ticked off and the buying public was turned off by it and that's not just upholstery. That's in every every/. It took a bite and we just felt like it was just like night and day. Like December was nonexistent. Retailers they didn't buy anything. They didn't want anything. They wanted to clean out their inventory to zero and the sales in January and February were nonexistent to them. I talked to people. I talked to retailers that didn't actually says, 'Gees you know I figure what it cost me and it looks like I hadn't had anyone in my store for 3 weeks.' You know and you can't make a living off it so I mean not only was [the Factory] at that time in trouble. We lost a lot of dealers out there.

Labor market When discussing the quality of worker available in the labour market during this pivotal period, interviewees referred to workers in general rather than focusing on student workers. For example, Thomson said that the "mentalities" of workers "have changed." He maintained that workers are "trying to get more quality of life out of the work place" so he believed that management had to try "to get the worker to feel better about themselves."

Constituent environment Thomson believed that because the Factory was associated with the Church and located on the campus of one of the Church's colleges, there was a "mentality" that Factory management should be more permissive in dealing with poor performance by employees. As a result he believed that there was a lack of willingness to "confront" problems.

Tonell suggested that there was an "attitude" in the community that the Factory was "on a free ride." He reported that "feedback" he had heard led him to believe that community members believed the Church would "keep bailing out" the Factory.

During this period Tonell believed that the affairs of the Factory were of great interest to the constituents:

> It seemed like the business wasn't the business'. It was the church's and what happened there, was public knowledge for the church. I couldn't agree with that. Whatever happens here happens here and that's the way it should stay. All this confidential information floating around.... It became a public/. Like we were open for scrutiny all the time basically and everybody was looking in and finding fault.

7.6 Analysis, summary and conclusions

In this section I will highlight and examine the changes in salient values and organizational design. Then I will address the hierarchical nature of the salient values, the embodiment of salient values in organizational design, and the chronological ordering of salient values and organizational design.

A. Changes in salient values and organizational design

***Raison d'etre* values: P_3 compared with previous periods** All three of the primary *raison d'etre* values that were held by Factory members since founding were still present during P_3. Provision of student labour for both economic and educational reasons and profit attainment were still valued by Factory members. However, as in previous periods the saliency of these values continued to change. The desire for profit became more salient. During this period this desire was definitely for profit and not just the avoidance of loss. The new most powerful members of management were strongly committed to this value. They simply could not conceive of a business existing only to break even. Both educational and economic aspects of student labour provision were valued with less saliency during this period.

As in P_2 these changes in the saliency of the *raison d'etre* values are explained by a combination of changes in participants and member perception of environmental constraints. The new members of top management merely tolerated the student employment provision values. They were not selected to strengthen or seek outcomes pertaining to student employment. They viewed messages from other members and constituents encouraging student employment for its own sake as meddlesome and ridiculous distractions from their real purpose: to end losses and earn a profit. They wanted to conduct business in the Factory just as they thought every business should be conducted: to pursue profit.

A new phenomenon in this period was the selection of managers to change these values. There is evidence that Thomson recruited and hired several other top managers (i.e., Tonell, Ivy, and Pates) with the purpose of changing the saliency of values. He wanted to change the "old mentality" involving what he believed to be too much flexibility in student work hours and attendance.

The perception of environmental constraints caused decision makers to continue to hold student employment values in abeyance. As this continued over time, the saliency of these values continually lessened. New people (e.g., Thomson and Tonell) were selected under new criteria, with little knowledge of the supremacy of student employment values. They only knew of these values as peculiar historical phenomena. These new people conceived of a new relationship between the *raison d'etre* values. They viewed the desired outcomes from the provision of student employment as by-products of the attainment of profit. They reasoned that the best way to educate students is to treat them the way they would be treated in any workplace and in this way prepare them for their future work. Therefore, they should not be given special treatment in selection, scheduling, etc. Likewise according to the new members' way of thinking, the desired economic outcomes in favour of students would be best met by earning and distributing profit to the Church (as owner) which could then be distributed to students in the form of scholarships, rather than inefficiently employing students in order to put money in their hands. Their view that student labour provision values are best treated as by-products of profit attainment values caused them to focus only on profit attainment.

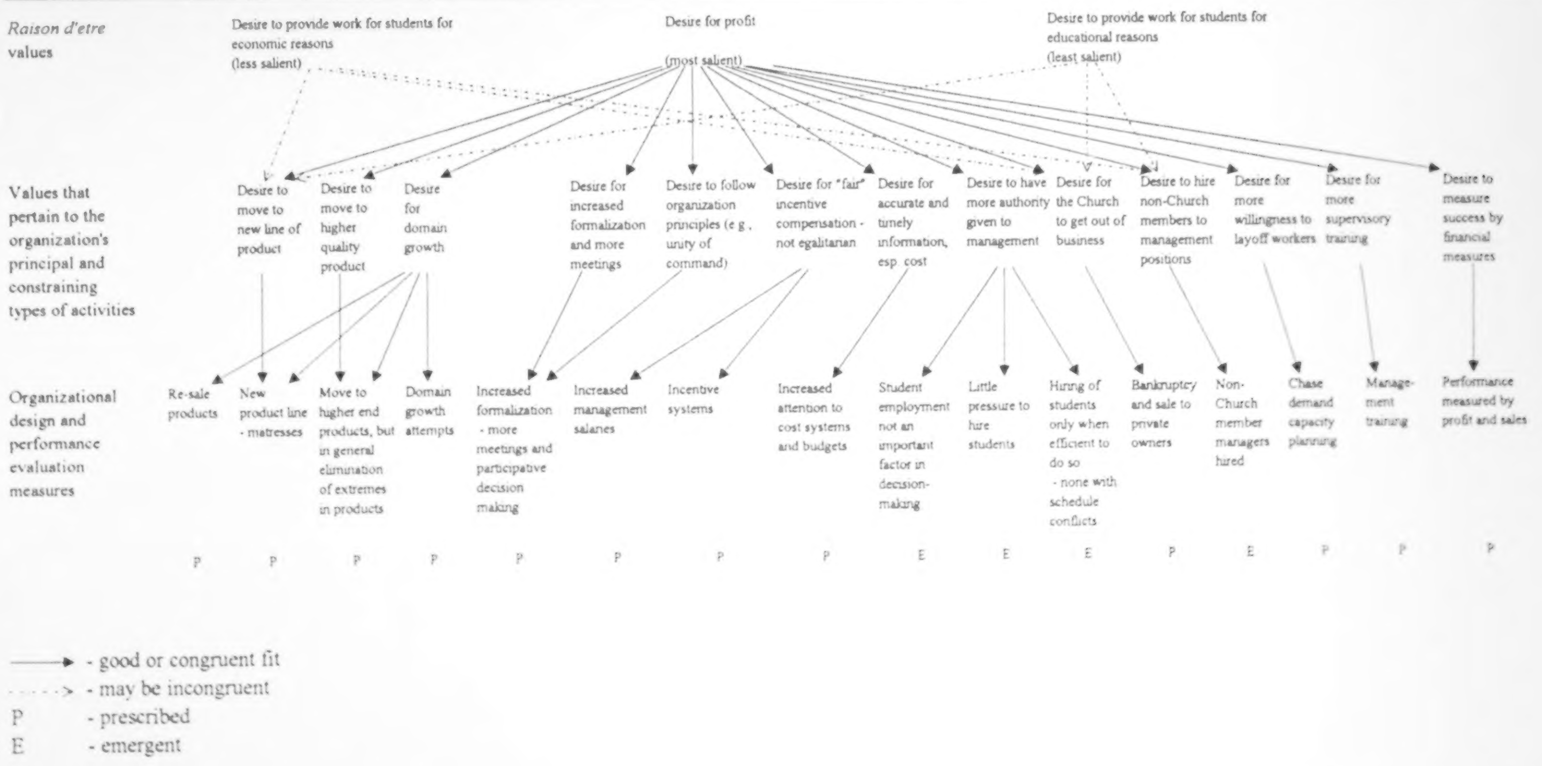
Salient values pertaining to the organization's principal and constraining types of activities The second level of Figure 7.2 outlines the values pertaining to the Factory's principal and constraining types of activities. Two of the three salient domain values of this period were similar to those held in period P_2. Members valued higher quality products and domain growth with similar saliency to previous periods. The new domain value during this period was the desire to introduce an entirely new line of products. The perception of an unfavorable environment for upholstered furniture influenced management to desire moving to a new product line.

Of the organizing principles values there were some similarities and some differences when comparing P_3 with P_2. The desire to formalize budgetary planning and control continued during P_3. The desire to have more accurate and timely information was held with more saliency during P_3. The desire to follow what management perceived to be sound organizational principles (e.g., unity of command) was viewed as complimentary to increased formalization. Their desire to more readily lay off workers to match production and to train supervisors are new values management held during this period.

Another similarity between P_2 and P_3 was the desire to separate from the Church and Church-related organizations. In P_2 a similar desire was to separate from the College. In P_3 the desire to be rid of the cumbersome Church governance structure continued. As the desire to separate the College and the Factory had been mutual among College and Factory members, the desire to separate the Church and the Factory was also mutual among Church and Factory members. During this period Church decision makers concluded that the Church should not be in business and especially not Factory business.

Other organizing principles values logically fall with the desire to separate from

Figure 7.2 Hierarchy of values and embodiment of values in organizational design and performance evaluation measures for pivotal period P_3


Raison d'etre values
Desire to provide work for students for economic reasons (less salient)
Desire for profit (most salient)
Desire to provide work for students for educational reasons (least salient)
Values that pertain to the organization's principal and constraining types of activities
Desire to move to new line of product
Desire to move to higher quality product
Desire for domain growth
Desire for increased formalization and more meetings
Desire to follow organization principles (e g , unity of command)
Desire for "fair" incentive compensation - not egalitarian
Desire for accurate and timely information, esp cost
Desire to have more authority given to management
Desire for the Church to get out of business
Desire to hire non-Church members to management positions
Desire for more willingness to layoff workers
Desire for more supervisory training
Desire to measure success by financial measures
Organizational design and performance evaluation measures
Re-sale products
New product line - matresses
Move to higher end products, but in general elimination of extremes in products
Domain growth attempts
Increased formalization - more meetings and participative decision making
Increased management salaries
Incentive systems
Increased attention to cost systems and budgets
Student employment not an important factor in decision-making
Little pressure to hire students
Hiring of students only when efficient to do so - none with schedule conflicts
Bankruptcy and sale to private owners
Non-Church member managers hired
Chase demand capacity planning
Manage-ment training
Performance measured by profit and sales
P P P P P P P P E E E P E P P P
- good or congruent fit
- may be incongruent
P - prescribed
E - emergent

Church governance. To achieve a fair incentive compensation system, management wanted to move away from the Church's egalitarian remuneration system. They also wanted more authority shifted to them from the board. One important area the Factory management wanted to exercise increased authority was in hiring of managers. They did not want to be restricted to hiring Church members for these positions.

During this period evaluation criteria values were focused exclusively on financial measures. Factory members, as evidenced by their statements and behavior, clearly placed highest value on these measures.

B. Hierarchical nature of the salient values

As in the previous two periods, all of the salient values expressed by Factory members pertaining to the Factory's principal and constraining types of activities were congruent with the *raison d'etre* value of seeking profit. (The hierarchical nature of salient values is shown as the relationship between the first and second levels in Figure 7.2.) At the same time several of these values may be incongruent with student labour provision values. The desire to introduce a new line of products, the desire for the Church to get out of business, and the desire to hire non-Church members for management positions may be incongruent with student labour provision values.

Because the evidence shows a strengthening of the profit attainment values and a weakening of the student labour provision values, and the second level values reinforce these changes, I conclude that there is congruity among the *raison d'etre* values and the domain values, the organizing principles values, and the evaluation criteria values. The logically hierarchical nature of salient values holds strongly for the salient values of this period.

C. The embodiment of salient values in organizational design and performance evaluation mechanisms

The organizational design and performance evaluation elements for the most part clearly embody salient values. (Figure 7.2 also diagrammatically illustrates the embodiment of salient values in organizational design and performance evaluation measures.) During this period the most significant changes in these elements were related to the governance and ownership changes. The desire to separate from the College, which was a predominant organizing principles value during P_2, was further fulfilled during P_3 when the final formal ties with the College were severed when Holdco took ownership of the Factory land and buildings. During P_3 the desire to separate continued. Factory management wanted more authority and Church management wanted to get out of business. These desires were embodied in several organizational design elements. Little external pressure was placed on Factory management to hire students. Concurrently, they became more insistent that students hired have no scheduling conflicts. The underlying theme was that students were increasingly hired only when it was economically expedient to do so. The bankruptcy and sale of the Factory to private individuals made it possible for these desires to be completely fulfilled. A related organizing principles value, the desire to hire non-Church member managers, was also embodied in the hiring of several such managers during this period. The desire to change the compensation system, especially for management, is another related value. This too was realized during this period. Factory management also continued to focus on incentive wages to fulfill their desire to make the incentive system motivating and fair.

All of the other organizing principles values were also embodied in the organizational design elements in a direct fashion. The desire for increased formalization with more meetings was embodied in more meetings, more policies, written job descriptions, etc. and increasingly formalized and participative decision-making. Factory management's desire to use a chase-demand capacity strategy (i.e., hire when demand is good and lay off when demand is poor) was realized in a freer layoff policy. Top management's desire to provide supervisory training was embodied in increased formal management training.

Domain values were also embodied in domain design elements. One desire carried over from previous periods was the desire for higher quality products. This desire was realized in a general move to higher-end products with elimination of extremely low-end and extremely high-end products. The desire for market growth and to develop a new line of products was realized in several ways: products were purchased for re-sale to "round out" their product line, new market territory was pursued, and the manufacture of a new product (i.e., mattresses) was begun.

There was no significant change in the evaluation criteria values of this period or their embodiment in performance evaluation mechanisms. As in the previous period management increasingly wanted to determine success by financial measures and they did focus primarily on profit and sales as indicators of success.

In summary, all the organizational design and performance evaluation mechanisms neatly flow from the values that pertain to the Factory's principal and constraining types of activities, and they are all congruent with the most salient *raison d'etre* value, the desire for profit attainment.

D. The chronological ordering of salient values and organizational design

From the evidence pertaining to values and design changes during period P_2 I concluded that the changes in values clearly led the changes in organizational design and evaluation measures. In addition I suggested a feedback effect. That is, the changes in design served to strengthen the saliency of the values that led the changes. Evidence from period P_3 shows a similar chronological ordering of salient values and organizational design. Because key member changes have been found to be the primary source of value changes in this study, a focus on key member changes contributes to our understanding of chronological ordering. During the pre-bankruptcy portion of this period the most significant aspect involving key member changes was the hiring of non-Church members. I have already pointed out that these people were hired based on their ability to help effect a financial turnaround and at least partially to change the values of Factory members. As I pointed out in chapter 6, it is highly unlikely that non-Church members would value the provision of work opportunities for students, because the underlying purpose of student labour provision is to enable students to attain a Christian education in the Church's College. At best these individuals could be expected to tolerate this value and implement it as a potentially burdensome and counter-productive requirement. This was in fact the case. They could not fathom hiring students who were less productive than full-time employees. They were even less accepting of the apparently meddlesome nature of the Church in the governance of the Factory. They could accept that it was the Church's right as owner to expect a return on their investment but not any other ends that may interfere with profit attainment.

In summary, value changes led design changes as follows. There was a shift in values caused by poor performance which was attributed to economic environmental factors. The initial shift was to desire profit somewhat more and to hold the desire for student employment in abeyance. With the shift in values new key members was recruited and hired to implement changes based on these values. These members then brought in other new members who held these values. With each new wave of members some values (i.e., desire for profit attainment and other values congruent with this value) were held with more saliency and others (i.e., desire to employ students and other values congruent with this value) were held with less or no saliency. Therefore, the embodiment of values in design served to strengthen the values that led the design shift.

E. Conclusions

Even though legally there was a dramatic change during this period (i.e., bankruptcy and sale to individuals), there really was not much new. Saliency of *raison d'etre* values changed rather than the values themselves. The second level values were continuations and elaborations from previous periods. Design elements embodied the values. Among the most powerful managers, values were more clear than had been the case since the founding period. During the period (especially after bankruptcy) these members desired profit and viewed the other *raison d'etre* values as by-products of profit attainment. This was the most significant new phenomenon during this period.

CHAPTER 8
CONCLUSIONS

8.0 Introduction

In this chapter I highlight the key findings of this case study. This provides an opportunity to assess how well the conceptual framework outlined in Chapter 2 has stood up in the light of empirical evidence. Then I discuss the implications of this study both for future research and for the practice of management.

8.1 Summary of key findings

The conceptual framework for this study includes the initiation, maintenance and changing of values and organizational design within the context of the external environment and an organization's performance. The key findings pertaining to each part of this framework will be reviewed in this section.

A. Initiation of values and organizational design

As I propose in the conceptual framework the founders of the Factory did significantly shape the salient values present in the Factory. The principal founder, Kingdom, pursued the founding of the Factory because of values he held strongly. He passionately worked to fulfill the values he held. He was a strong leader having a significant influence on other organization members.

In the conceptual framework I suggest that strongly held values of members from any hierarchal level of an organization can become embodied in the organization's design elements. However, this case study provided no evidence of lower-level members' values becoming embodied in design. In fact, often lower-level members discussed values as though they did not have any of their own. (Most likely these members did hold values regarding the Factory and their work there, but their statements did not make their values evident.) They never successfully shaped values or even seriously attempted to shape values. It is possible that the absence of lower-level value-leading during the founding period is explained by the fact that virtually all of the lower-level members were students with little or no previous organizational experience. Therefore, they would not have had the opportunity to develop values pertaining to any organization's principal and constraining types of activities (Sproull, 1981). As a result they were likely more amenable to adopting other members' values than to influencing others' values. As such, the evidence from the founding period of this case study adds support to the contention that power differentials justify paying special attention to top management and other elites (Bartunek, 1984; Hinings and Greenwood, 1988a; Kimberly and Rottman, 1989; Child and Smith, 1987; Schon, 1971).

Congruity between *raison d'etre* values and values pertaining to organizing activities developed during the founding period is consistent with the conceptual framework. All of the second level values were congruent with the most salient *raison d'etre* value, the desire to provide work for students for educational reasons. These values became embodied in organizational design and performance evaluation mechanisms in order in time as proposed.

Selection of personnel was a significant factor in the establishment of initial salient values. Kingdom purposefully selected people who either held values similar to his or were amenable to adopting and implementing his values. His deliberate hiring did "play a vital role in defining the ... central values of the organization" (Kimberly, 1987: 235).

B. Maintenance of values and organizational design

As proposed in the conceptual framework, there were forces that operated causing resistance to change, and there were inertial forces that mutually supported established values and organizational design. There is evidence that Factory decision-makers developed closed systems of value beliefs that led them to place some things beyond discussion. An example of this relates to recruitment and hiring. For many years the hiring of non-Church members was unthinkable. This served to provide the Factory with management and other employees who held the value of providing work for students so that they could pay for a Christian education that propagated the Church's beliefs.

Recruitment and hiring of individuals who held salient values were primary contributors to the maintenance of values and organizational design. There was resistance when recruitment was extended to non-Church members, particularly when nonmembers were recruited for management positions. In this case the resistance failed to prevent change.

Another significant aspect of selection is that beginning as early as period P_1 most new managers had previously worked in the Factory as students. Also, many of the board members and College administrators had previously worked in the Factory or similar organizations in other Church-operated educational institutions. It was common for interviewees to point out that these members with previous Factory experience valued the benefits they had received from their work (both educational work experience and financial remuneration used for tuition) and desired to provide that opportunity to other students. This desire to provide work opportunities for students was a salient value throughout most of the Factory's history, and recruitment was a primary means of maintaining it. Because management members were Church members devoted to making a Church-centered education available to students and they were former students with Factory experience themselves, they were well entrenched in the salient values of the Factory.

Socialization is another means suggested to maintain values (Oliver, 1992; Enz, 1986; Tushman and Romanelli, 1985; Van Maanen, 1976; Clark, 1972). Worship meetings constituted the only formal socialization carried out in the Factory. Members valued these meetings because of their personal religious values. In this way these meetings reinforced the value of providing work so students could receive an education that promoted the religion of the Church. There was some resistance to discontinuing these meetings. Again this resistance eventually failed to prevent change. It delayed change but did not prevent it.

Informal socialization occurred and served to maintain salient values (Chatman, 1991; Enz, 1986; Wilkens, 1983; Sproull, 1981). Stories were told about the Factory's humble beginning. This served to highlight the dedication of the founders. Stories were told about College presidents' interest in the Factory (i.e., that the early ones visited the

Factory virtually every day). The telling of these stories served to demonstrate the connection between the Factory and the College as well as the importance placed on the Factory by College administration. Stories were told about students making more money than the general manager or the College president. This served to illustrate how the value of providing tuition money for students was fulfilled as well as the dedication of administration to providing an opportunity for students to receive a Christian education. Later stories were told that signaled change and came to reinforce and thereby maintain a new set of values and organizational design. For example, members told the story of Thomson firing a student worker for being late several days in a row. This story highlighted a change to a profit-orientation and to being more "business-like."

C. Changes in salient values and organizational design

The changing of values and organizational design, a major objective of the study, is the most important and interesting part of this case study. Even though there were powerful maintenance forces, change did occur. In order to trace some of the most important changes in values and design, and identify whether there was congruence among values, whether value changes became embodied in organizational design, what led changes (values or design), and who led changes (top or lower-level members), I will summarize the configurations of each period and the changes that occurred from one configuration to the next.

Configurations of values and organizational design: Overview of all periods

The *raison d'etre* values during the founding period (P_0) focused primarily on the desire to provide work for students. Both educational and economic outcomes were desired with close to equal strength of commitment and degrees of sharedness. The powerful members of the period held both. The central founding (and most powerful) individual (i.e., Kingdom) stated that both were important but that educational outcomes were most important in his opinion. His power and the strength with which he was committed to educational outcomes made student labour provision for educational purposes the most salient *raison d'etre* value of the period. The two other *raison d'etre* values were based on desires for economic outcomes. Firstly, there was widespread agreement that jobs were needed for students to enable them to pay their tuition. Secondly, all key members held the desire for profit as a minimal desire. That is, as long as the Factory broke even, profit attainment was not a primary consideration. The Factory had to break even or at least offer the hope that it would break even in the near future to prevent decision makers from closing the enterprise.

During the founding period, the values pertaining to the Factory's principal and constraining types of activities (i.e., domain values, evaluation criteria values, and organizing principles values) were logically congruent with the period's most salient *raison d'etre* value. The most salient second level values were the desire to produce labour intensive products, the desire to hire only students for first-line positions, and the desire to be an integral part of the College (see Figure 4.3). All of the second level values were congruent with the most salient *raison d'etre* value, and several were potentially incongruent with the other two *raison d'etre* values, the desire to provide work for students for economic reasons and the desire for profit. There was not widespread support for the degree of integration that Kingdom insisted upon. Neither the other co-founders nor the office personnel held this value. They actually held a competing value to some extent. They believed that at least the accounting and filing systems should have been separate from the College.

During the founding period, the organizational design clearly embodied the salient values. Most significantly, all design elements reflected or were consistent with the desire for the Factory to be an integral part of the College, the desire to recruit students for all first-line positions, and the desire to measure success by student development. The Factory was organized as an integral part of the College and virtually all workers were students. Work tasks and schedules were planned for students.

During pivotal period P_1 the desire for profit attainment increased in saliency and student labour provision for educational reasons decreased in saliency. The desire for profit became the most salient value and the desire to provide work for students for educational reasons became least salient. This is the exact reverse order as compared to period P_0, but the actual magnitude of the changes was relatively small. The desire for profit was only marginally more salient than the desire for student employment provision for economic reasons. The desire for profit became more salient because from 1962 to the beginning of the period there were continual losses with a relatively huge loss in 1966-67, the year that marked the beginning of the period. Table 3.3 shows the exact magnitude of these losses. The greatest change in *raison d'etre* values was the drop in saliency of the desire to provide work for students for educational reasons. The departure of the founders, especially Kingdom, led to this change.

The primary second-level values were a desire to separate from the College and a desire to become more formalized and "business-like." The organizational design elements embodied these values. There was a gradual detachment of the Factory from the College and vice versa. Also the structures and systems developed in the Factory reflected the desire to formalize and be "business-like." A most significant aspect of this development was the elaboration of the compensation system. This elaboration was consistent with the desire to separate with the College, because it was also a movement away from the College's (as well as the Church's) way of doing things (i.e., having an egalitarian compensation system).

From period P_1 to period P_2 neither the list of *raison d'etre* values nor their rank ordering changed. However, the saliency of these values did change. By the end of P_2 the desire for profit had become much more salient, the desire to provide work for students for educational reasons was rarely even considered and the desire to provide work for students for economic reasons was explicitly held in abeyance. At this time the losses were perceived as so severe that they must be stopped regardless of the effect on student employment. This was considered to be a short-term measure. The desire to provide work for students as the most salient value was held as a long-term goal that could not be vigorously pursued until the financial picture was brighter.

The values pertaining to the Factory's principal and constraining types of activities were largely unchanged from P_1 to P_2. The desire to separate from the College and the desire to formalize continued and strengthened and were elaborated much more fully in the organizational design and performance evaluation mechanisms. In fact this period culminated in the formal separation of the Factory from the College. After the separation, the connection between the two then separate organizations was only indirect in that both were owned by the Church. However, even prior to this formal separation, the Factory began taking a more independent path in its personnel policies and in the organizing of its functions. In some areas the relationship had become adversarial (e.g., building rent negotiations).

In the final pivotal period (P_3) the rank ordering of the *raison d'etre* values remained unchanged. However, the saliency of these values had again changed. Desire for profit was still clearly the most salient *raison d'etre* value and the desire to provide work for students for educational reasons still existed but very weakly. The desire to provide work for students had changed from being held in abeyance to being viewed as a by-product of profit attainment. This meant that these values could be best fulfilled if they were ignored. That is, if the pursuit of profit was the guiding value, then economic and educational outcomes of providing work for students would best be fulfilled as well. Therefore, student labour provision was still valued but profit attainment was paramount and the only value worth pursuing.

The values pertaining to the Factory's principal and constraining types of activities all congruently flowed from the desire to attain profit. Several were potentially incongruent with the student employment provision values. They were a continuation of the desire to formalize and be more "business-like."

Organizational design and performance mechanisms nicely embodied the salient values during period P_3. The most significant change in design was to explicitly implement the policy that students would only be hired when it was efficient to do so. Students were no longer favoured in any way over full-time workers. While in the previous period this policy had often been unofficially practiced, by the end of this period it was unabashedly *stated* and practiced.

Type of change There was a high degree of continuity in values throughout the history of the Factory. As a result one may be tempted to argue that there was actually no major change throughout the Factory's history. Previous researchers have suggested change classifications that highlight the difference between major change and inertia or continuity. Van de Ven and Poole (1995: 522-523) differentiate between "second-order change, which is a break with the past basic assumptions or framework" and "first-order" change, which occurs "within an existing framework that produces variations on a theme." Bartunek (1984) and Bartunek and Moch (1987) use the same terminology with similar defining characteristics. For them "first-order change [is] incremental modifications in present ways of interpretation" and "second-order change ... is a radical, discontinuous shift in interpretive schemes" (Bartunek, 1984: 356). Tushman and Romanelli (1985) suggest three different classifications. Convergent periods are periods of incremental change. Reorientations involve "simultaneous and discontinuous shifts in strategy ..., the distribution of power, the firm's core structure, and the nature and pervasiveness of control systems." Re-creations involve change in all the above plus "a discontinuous shift in the firm's core values and beliefs" (Tushman and Romanelli, 1985: 179). Hinings and Greenwood (1988) and Pettigrew (1985, 1987) adopt similar classifications. All of these change typologies either explicitly or implicitly suggest that the most major type of organizational change includes change to a new set of values.

In this case in spite of the great deal of continuity in values, there was major change: from an educationally-oriented department of the College to a profit-oriented business. The continuity of values in the Factory's history was consistent with Kimberly and Rottman's (1989: 596) "evolutionary view, in which certain decisions made relatively early in the life of organizations are powerful shapers of subsequent decisions and actions."

In this case I found amazing continuity in values. Throughout the history of the Factory, participants predominantly held the same set of values with very little value conflict. However, several interesting variations in the way changes occurred suggest a need to alter the conceptual framework. Change involved the way participants viewed the *relationships* among values, not just the values themselves. Specifically, while the values substantively remained relatively constant, values saliency changed and changes occurred in the ways members viewed the relationship among the values. They were viewed in three different ways: as complementary with each other, as competing with each other, and as detached or independent of each other. For example, the relationship between the *raison d'etre* values of student labour provision and profit attainment were viewed in all of the above ways during the history of the Factory. Initially they were viewed as independent with members wanting both with differing degrees of commitment strength. Then, during periods of financial crisis, they were viewed as competing such that one must be given supremacy over the other. Finally, they were viewed as complementary with student labour values seen as by-products of profit attainment values. That is, if members desired and achieved profit, then their desire to achieve educational and economic outcomes for students would also be fulfilled.

This situation of the continuity of values with changing relationships among values and values being invoked in different ways is similar to findings by Child and Smith (1987) in their Cadbury study. They observed in one transformation Cadbury family managers "attached the family's traditional belief" to a change in the company (Child and Smith, 1987: 585). They concluded that "a dominant traditional corporate ideology should not necessarily be seen merely as an obstacle to transformation, [because] if [it is] reshaped or re-applied flexibly it may provide an important legitimatory bridge for the transition" (Child and Smith, 1987: 595). Similarly, Pettigrew (1987: 661) found that is very difficult to "break down" "core beliefs" that are firmly established.

D. The chronological ordering and timing of changes in salient values and organizational design

Chronological ordering of salient values and design The evidence from this case study suggests that change is value-led and that values pertaining to the organization's principal and constraining types of activities flow from *raison d'etre* values. A conclusion reached in previous influential research in this area has been that the sequence of changing values and design is led by values but that the sequence is not simply a matter of one directly leading the other but of interaction (Hinings and Greenwood , 1988a; Bartunek, 1984). Pettigrew (1987: 664) found (and Brunsson (1982) agrees) that "an ideological shift has to be completed before radical action in the change sphere can begin." While not all agree that this shift must be complete, for the most part these models suggest that change is usually initiated by value changes. (An exception is suggested by Bartunek and Franzak (1988: 579): "organizational restructuring may cause second order change." Also, Hinings and Greenwood's "prescribed emergent detachment" sequence suggests design may lead values in change.)

Because the findings of this current study suggest such a strong position for values in the change sequence, how *raison d'etre* values change is particularly important. This is consistent with the conceptual framework. The explanations underpinning all changes in design are based on the values of members (in this case predominantly top management and other elites). Sometimes the design changes served to reinforce and strengthen the values they embody, and at other times they impacted the saliency of values held by members in ways that involved some unexpected change. The former was the predominantly most significant type. An example of the former is the hiring of non-Church member managers. This design element embodied the desire to be separate from the Church and College. The hiring of managers who were not Church members strengthened this value because these new members had no appreciation for the need of the meddlesome and cumbersome governance mechanisms of the Church and College. An example of the latter is the initial profit-sharing system instituted during P_1. This compensation system was motivated by a desire to motivate employees and to be fair. The result was to increase the desire for profit among the recipients. This latter type occurred rarely and this example is really an example of a blunder by the manager. For this change in value saliency to be *unexpected* was foolhardy.

Timing of changes in values and design In this study's conceptual framework I suggest that significant changes in *both* values and design would occur during pivotal periods. This suggestion is consistent with much previous research (e.g., Bartunek, 1984, 1988; Tushman and Romanelli, 1985; Pettigrew, 1987; Hinings and Greenwood, 1988; Miller, 1990). In this case organization design changes did tend to occur during pivotal periods, but for value changes I am forced to confront the question: do values wax (or intensify) and wane (or decay) *slowly* over longer periods of time or even perhaps continuously during *and* between pivotal periods, or do they unfreeze and freeze *quickly* during pivotal periods? By value waxing and waning I refer to value change situations where commitment *gradually, almost imperceptibly* weakens or strengthens over time. For example, value waning may be due to an absence of design elements that reinforce and strengthen that salient value. By value unfreezing and freezing I refer to a much more sudden change situation. A typical scenario in which values unfreeze and then new values freeze quickly is as follows: performance drops to the point where members believe the existence of their organization is threatened. As a result they no longer have faith in the previous set of salient values, and a new set of values quickly emerges and attains the commitment of sufficient numbers of powerful members to become salient.

Although, as noted, most previous research suggests relatively quick change during transformation periods, others suggest the possibility of waxing and waning. Oliver (1992: 580) suggests that "entropy pressures" and "inertial pressures" are "expected to moderate the rate" of change. She suggests, while addressing "antecedents of deinstitutionalization," some causes which seem to be more consistent with value waning than a quick unfreezing: increasing workforce diversity and/or high turnover, especially when combined with a lack of adequate socialization; increasing diversification, dispersion, or differentiation; increasing resource or domain competition; increasing innovation pressures; changing societal values; declining external dependence; rising efficiency standards. She does not separate these antecedents from others which obviously fit the unfreezing/freezing model (e.g., performance crises). Greenwood and Hinings (1993), although not addressing the issue of rate of change in values, also suggest the possibility that values may wane, leaving the values which are embodied in the organization's design unsupported by any participants.

This case sheds light on the rate and timing of value changing. Value changes among Factory members more closely follow the continuous pattern of waxing and waning. The "relatively distinctive 'personality' [comprised in part by values]" of the

Factory was "not easily changed" (Kimberly, 1987: 233). For example, the *raison d'etre* value of student labour provision for educational reasons gradually lost saliency throughout the Factory's history. There was a fairly rapid and significant drop at the time the founders departed, but after that the value continued to slowly decrease in saliency over the remaining period of the case study. Likewise, the desire to earn a profit intensified over several periods. The desire to be like a regular for-profit business grew stronger throughout the Factory's history.

This gradual intensification is reflected in the choice of top managers. During the founding period profit attainment was explicitly secondary to educational values. The fact that both of the general managers were previous employees of the College and one of these was an educator reflects this value. During the second pivotal period decision-makers were actively seeking a general manager with a strong business-orientation. They groomed and supported Kennedy to meet their desires. In all other regards Kennedy met the requirements to maintain previous salient values. That is, he was a Church member and he had previously worked as a student in the Factory and as a result was strongly committed to providing work to students.

During the third pivotal period key decision-makers continued to desire business-educated and/or experienced people to fill the top management positions. During this period they hired several managers who met this qualification, but lacked previous Factory (or similar student-employing organization) experience (e.g., Green and Inglis). These managers were Church members, so they valued the furtherance of the interests of the Church. However, student employment provision values had not been ingrained experientially as they had for previous managers. Finally, in the last few years of the case study, managers were hired who had neither previous Factory experience nor Church membership. These selections were purely motivated by pursuit of profit. Similarly, the desire to separate from the College progressively intensified from period-to-period until the separation was complete.

If, as I contend, values wax and wane and organizational design embodies values, does the embodiment of values in the design wax and wane in a similar time frame or does it follow a more sudden and discontinuous pattern of change? In this case study there are examples of both gradual and sudden design changes following value changes. Some design changes occurred gradually apparently changing at the speed of the value changes. One example is the gradual increase in formalization: more formal meetings and more written memos, rules and regulations, job descriptions, etc. This incrementally increased throughout the history beginning in P_1. For this element there was no greater degree of change during pivotal periods than there was between pivotal periods. There has been much research to support a strong correlation between formalization and age and size (Weber, 1947; Pfeffer, 1981; Mintzberg, 1989; Kimberly, 1987). While I have attributed this elaboration to increasing desire to be business-like and seek profit, I must recognize that the aging and the growing also likely contributed to the increasing formalization as well.

Another incremental design change example is the change in performance evaluation mechanisms. The decrease in the reporting of student employment data happened in stages. First the regular reporting (always a part of the financial statements) of these data ended in the late 1970s. Then the inclusion of these data in reports from time-to-time gradually diminished. Then finally the data were not even calculated. The desire to measure success by these data apparently decayed or waned imperceptibly over many years, and it appears that the measurement mechanism followed this decay.

Other design elements changed quickly during pivotal periods. For example, the separate accounting and banking were implemented quickly during period P_1. This followed a long period of managers increasingly desiring this change. During P_2 a separate operating board was set up and then the Factory was legally separated from the College. During the final pivotal period bankruptcy and sale to private owners occurred. Other design elements changed quickly but not during a pivotal period. For example, the first hiring of non-Church members occurred prior to P_2 and the first hiring of non-Church member managers occurred between P_2 and P_3. The desire to maintain an entire workforce made up of Church members gradually decayed, but the decision to actually hire a non-Church member manager occurred suddenly. The explanation for these differences may be as simple as recognizing that some design elements cannot be changed gradually (they are either all or nothing) while others can be implemented gradually. There are some things you cannot try a little and increase if successful and decrease if unsuccessful. For example, you cannot hire a partial Church member.

It is interesting to note, however, that the most significant design changes occurred during pivotal periods. The above examples of sudden changes during pivotal periods (i.e., separate accounting and banking, separate board and legal separation, and bankruptcy and sale) are the most significant changes that moved the Factory from an educational department of the College to a profit-oriented manufacturing company.

Roles of crises and key member change in organizational change Although I have alluded to the chronological fit and role of crises and changes in key members in contributing to changes that occurred in the Factory, I have not addressed them directly thus far in this chapter. It is common for both crises and key member changes to be included in change models as significant antecedents to change (e.g., Miller, 1990; Bartunek, 1988, 1984; Dyers, 1985; Tushman and Romanelli, 1985; Miller and Friesen, 1984; Child and Kieser, 1981; Starbuck, Greve, and Hedberg, 1978). Just as personnel selection is an important means of value maintenance, selection is also a significant factor in the changes. An example from previous research is Cadbury's adoption of a new model. In the process they "recruit[ed] staff from Mars" to help change to a new "philosophy" (Child and Smith, 1987: 576). This suggests an intentional change in the type of recruits sought (i.e., those with new values). However, the extent to which these choices are deliberate about values is not clearly addressed. How crises and key member changes fit chronologically with value changes is not usually made clear in these models. Although not always explicit, a common sequence is as follows: a crisis is perceived, values are challenged, new leadership emerges or is recruited with an alternative set of values (Dyers, 1985). In these models crises are virtually always expected to precipitate the change. The fit of values in the sequence is not so clear. Does the crisis cause a change in values which then leads to the recruitment of leadership who hold the new desired values, or does the crisis cause decision makers to select new leaders who bring in the new values? Previous research does not make this distinction. For example, Miller (1990: 213) following his previous work (Miller and Friesen, 1984) merely states that "most reorientations occur only after two events: a severe decline in performance *and* a change in leadership."

In this case study both of the above sequences occurred (i.e., crisis, then key member change, and then value change; and crisis, then value change, and then key member change). However, a third sequence occurred most significantly in this case: value changing occurred continuously, then crisis led to a re-alignment of values with design. A part of the re-alignment was the recruitment and selection of key members who espoused the current salient values.

Because of the elusive nature of participants' values, it is difficult to determine precisely whether changed values led to recruitment of members holding those values or recruitment of members with different values (perhaps unintentionally) led to drift in values. In spite of this difficulty, I will provide examples where each of the three sequences apparently occurred. An example of the first sequence (i.e., crisis, then key member change, and then value change) is the recruitment of Thomson, the final general manager. Decision-makers valued educational outcomes but they held this value in abeyance due to extremely poor performance (i.e., perceived crisis). While ignoring valued educational outcomes (because they were held in abeyance), they recruited Thomson who valued educational outcome as a by-product of pursuit of profit. Thomson deliberately tried to reduce the saliency of the educational values.

An example of the second sequence (i.e., crisis, then value change, and then key member change) is found in the recruitment of Clark and Kennedy during P_1. The poor performance (perceived crisis) caused decision makers to value a stronger business orientation rather than an educational orientation. They deliberately sought general managers who were business-educated. They had become somewhat more concerned with profit and therefore selected managers who were more profit-oriented and able to attain profit, rather than selecting education-oriented managers. They did not abandon their education values, but their minimal value for profit (i.e., desire to avoid losses on a long-term basis) influenced them to focus more on profit than on other values while performance was poor.

The third sequence (value changing occurs continuously, then crisis leads to a re-alignment of values with design) characterizes the most significant changes in this case. The desire for profit and the desire to separate continuously strengthened throughout the Factory's history. During each period of severely poor performance (perceived crises), design elements were realigned with the changing values (e.g., separate board, separation in ownership within the Church, and finally entirely separate ownership).

E. Emergent or prescribed nature of organizational design and performance evaluation mechanisms

The inclusion of both emergent and prescribed design elements was important for this study. To include only officially prescribed design elements would have made this study much thinner and less revealing. Simply stated, it would have been a much less complete picture of the Factory's design. However, the workings of emergent versus prescribed design elements did not follow patterns I outlined in the conceptual framework as outlined in Chapter 2 (Figures 2.2 and 2.3). I address this issue in this section.

Who led change: top managers or lower-level personnel? All examples of value and design changes observed in this case study were led by top management. There were examples of lower-level members resisting change. For example, there was a small amount of resistance to the hiring of non-Church member managers and to the ceasing of worship meetings, but the resistance failed in both cases. For the most part, regarding values and design, there was very little conflict in this organization.

It is possible that this case is peculiar in its lack of lower-level involvement in emergent design changes. A possible explanation for this lack is that a significant proportion of the workers were students whose tenure was relatively short-term. As a result, they were not involved enough for a long enough time to establish structures or systems. Another possible explanation is that because most of the Factory members held membership in a Church which espouses pacifistic values, they tended not to question or confront their leaders.

F. Overall assessment of the conceptual framework and the research design

The contextualist analysis involving multiple levels of analysis through time was a good method to examine both continuity and change in the Factory (Pettigrew, 1987). This illuminated the situation where the values themselves were quite continuous over many years and pivotal periods, while the saliency of the values and relationship among the values changed. As Pettigrew (1987) suggests, if the study had involved only a short period (perhaps one pivotal period), the true nature of both the continuity and the change would have been missed.

In this section I will summarize the points I have made throughout this chapter about the ability of the conceptual framework to stand up in the light of empirical evidence. Then I will discuss elaborations of the model.

For this case study the framework stood up well in most regards: the initiation of values and organizational design was strongly influenced by the founders, the initial design clearly embodied the initial values, socialization and stories and symbols acted as forces that operated causing resistance to change and acted as inertial forces that mutually supported established values and organizational design, change occurred either when the resistance forces weakened or when the members perceived environmental shifts that signaled the need to change or a combination, and values chronologically led design throughout the Factory's history and changes in design also embodied changed values.

The aspect of the conceptual framework which did not stand up well is the suggestion that top level members lead prescribed changes and lower-level members lead emergent changes. All design changes were led by top level members. Including both emergent and prescribed changes is important and it is worthwhile looking for emergent change among lower-level members, but, based on this case study, I expect that most changes (both prescribed and emergent) will be led by top level members. This case study demonstrated that power is probably the most significant factor in determining saliency of values. This is consistent with Child and Smith's (1987: 591) finding that "key change agents also relied on their power."

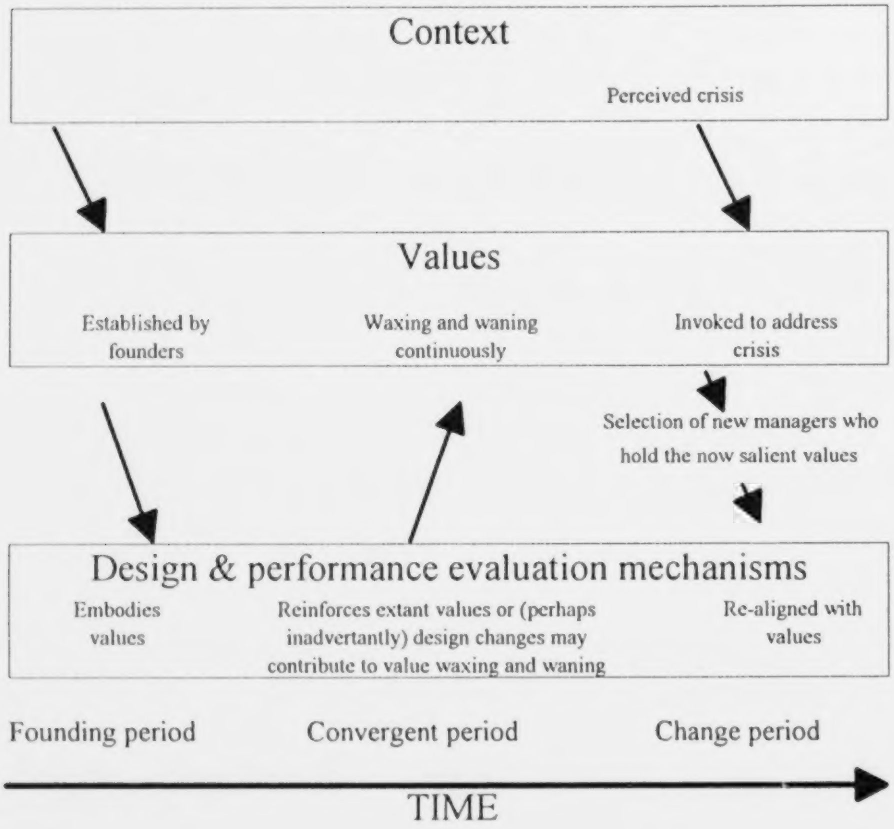
The continuity of values with changing saliency and relationships among values rather than new sets of values during each change period suggests that a change model should not include the expectation that a new set of values and design with entirely new elements will form during each change period.

A final elaboration of the model has to do with the focus on pivotal periods. The identification of pivotal periods and the expectation of change during those periods was useful for this case study, because, as noted above, the most significant changes in design occurred during pivotal periods. However, the findings of this case study shows that the researcher should expect more continuous change of values with major design elements being realigned during pivotal periods. Also the picture would not be complete without data gathering and careful analysis of values and design changes between pivotal periods.

Figure 8.1 diagrammatically illustrates the conceptual framework elaborations I have discussed based on the findings of this case study. It highlights the most predominant change type found in this case (i.e., the third sequence discussed above - value changing occurs continuously, then crisis leads to a re-alignment of values with design).

This new conceptual framework significantly adds to our understanding of transformations by highlighting how values change. Perhaps one of the most influential approaches to understanding change sees it as a process of alternation between evolution and revolution. For example, Tushman and Romanelli (1985: 175) were correct in stating that "a firm's core values are the most pervasive aspect of organizations." However, my current study fills a gap in their work. Their understanding that core values and beliefs are highly pervasive combined with a suggestion that "a degree of coupling [exists] between activity domains [i.e., core values and beliefs, strategy, power distributions, structure, and control systems]" is the basis for arguing that "changes in core values will be associated with cascading effects in strategy, power, structure and controls" and that "the most radical form of reorientation [i.e., re-creations]" "involve discontinuous change in core values" (Tushman & Romanelli, 1985: 175, 179). In their 1994 research (Romanelli &

Figure 8.1 Values, organizational design, and context through time


Context
Perceived crisis
Values
Established by founders
Waxing and waning continuously
Invoked to address crisis
Selection of new managers who hold the now salient values
Design & performance evaluation mechanisms
Embodies values
Reinforces extant values or (perhaps inadvertantly) design changes may contribute to value waxing and waning
Re-aligned with values
Founding period
Convergent period
Change period
TIME

Tushman, 1994), they "explore whether organizational transformations fit the pattern predicted in the punctuated equilibrium model" (pg. 1160) which is "one of radical, brief, and pervasive change ... including most or all key domains of organizational activity [as listed above, except in their 1994 article they call the first domain 'organizational culture' rather than 'core values and beliefs']" (pg. 1143). Evidently, they assume that the coupling among the key domains of organizational activity is tight enough that it is not necessary to gather data pertaining to the most pervasive domain (i.e., core values and beliefs or organizational culture), because they "dropped the culture and control systems domains of activity" (pg. 1147) due to infrequent and inconsistent reporting of these domains by organizations. They found "no evidence ... to support an argument that very small changes accumulated over longer periods to accomplish fundamental transformation" (pg. 1159). My current study shows that change in some elements of organizational activity (i.e., design elements) may change discontinuously and rapidly, following the punctuated equilibrium theory, while others (i.e., values) may follow an incremental pattern (i.e., wax and wane slowly). Thus, there is a challenge here to some of the conventional wisdom about change.

8.2 Implications for future research

In this section I address both theoretical implications and methodological implications for future research.

A. Theoretical implications Two areas that are particularly fruitful for future research involving the relationship between changing values and changing organizational design are selection processes and value waning. These are discussed in this subsection. I also discuss the generalizability of this case study's findings.

Selection of new members emerged as a very significant aspect of change in the Factory. More specific focus on this human resource function would be useful to elucidate the relationship between values and design. In this case study the entrance of new participants appeared to be points of discontinuous change in values, which leads me to suggest that recruitment and selection are especially important design elements to focus on in the search for explanation of these phenomena. However, when the entire history of this organization is viewed, a background of continuity in change is apparent. For example, Thomson was the first general manager to strongly desire profit beyond avoidance of loss. However, his entrance was part of a long progression that started with the view that profit is necessary but definitely secondary. This leads me to suggest that the more interesting focus of study has to do with the values of those making the selection decisions. Why did they choose the people they did? What role do their values (and changes in them) play in the selection processes? New members bring new sets of values. Do decision makers base their selection decisions on values they have about their organization? If they do, why do values change with new participants? Are these changes caused by chance or are they deliberate? A model for future research should highlight the importance of the entrance of new members from outside the organization (i.e., the environment).

The second area that I found in this case study that deserves more research is value waning. When the values just seem to gradually disappear, it is difficult to pinpoint exactly what is happening and when it is happening. For example, the desire to provide work for students for educational purposes was highly salient in the founding period. Then its saliency dropped significantly immediately after the founding period, but it did not disappear. During each following period this value was somewhat weaker, but it continued to exist. It was waning over time. I was tempted during the final two periods to exclude it, and argue that it no longer had any saliency. However, it was always there. For some it was nonexistent (e.g., Inglis thought that these values should be taught at home), but for most it was still there if merely as an afterthought. A question that deserves further consideration is: does value waning happen gradually and continuously over time or does it happen a little bit during each of the pivotal periods along with the more significant, more apparently discontinuous changes?

Generalizability Following Yin's (1989: 43) suggestion to apply "analytical generalization," as opposed to "statistical generalization," involves identifying contextual conditions that give clues about other cases to which this study's elaborated conceptual framework will apply and equally important, not apply. There are four contextual elements involved in this case organization that typify the case. Firstly, the Factory could be described as a normative organization with a relatively high degree of value homogeneity. The active constituents tended to be single-minded in the fundamental purpose for the Factory: the furtherance of the Church and its mission. Throughout most of the Factory's history its members were selected from this constituency. The compensation system (i.e., egalitarian, thus not attractive for top positions) helped ensure management recruits self-selected only if they held the salient values. This contributed to the high degree of homogeneity of values.

A second significant contextual element was the type of ownership. Mintzberg (1995) described this type of not-for-profit organization as a form of "non-ownership," because the constituent/owners have no expectation of receiving profit. A third significant contextual element is the combination of *raisons d'etre* values held by Factory members. In the view of its members, this organization existed to provide work for students as well as attain at least a minimal level of profit. A fourth contextual element is the association with education. The Factory started as a department of an educational institution and was closely associated with this institution throughout most of its history.

The search for further case sites to test the generalizability of this conceptual framework should be done first to establish "literal replication;" that is, select cases with similar contextual conditions predicting similar results (Yin, 1989: 53). The best cases to establish this type of replication are other enterprises owned by the College or other similar educational institutions. Several of the College's sister educational institutions operated by the Church have similar enterprises created for similar reasons. Also, as a part of educational reform, some schools are developing "school-based enterprises" and cooperative education programs to address arguments that students need more hands-on work experience, more exposure to business, and more chances to learn useful skills and acquire good work habits (Stern, Finkelstein, Stone, Latting and Dornsife, 1995; Pauly, Kopp & Haimson, 1995). That is, they are pursuing values similar to those pursued by constituents in this case, but in a somewhat different context. The logical next step is to begin to select cases that involve somewhat varied contextual conditions. For example, there are organizations with traditional ownership (i.e., owners expect to receive profit) that espouse a combination of *raison d'etre* values including the pursuit of profit and some other non-financial pursuit. For example, in the Ben & Jerry's Homemade, Inc. 1990 annual report they state that Ben & Jerry's donates 7.5% of its pre-tax earnings to the Ben & Jerry's Foundation, which supports "projects which are models for social change; projects infused with a spirit of generosity and hopfulness (sic); projects which enhance people's quality of life, and projects which exhibit creative problem solving." The Body Shop espouses a similar desire to achieve non-financial ends for the benefit of people other than owners along with the pursuit of profit. These types of value-driven organizations likely tend to stress value congruity in their selection processes and they tend to stress socialization processes resulting in a high level of homogeneity among members. These similarities suggest that the findings of this case may be generalizable to these organizations.

As contextual conditions become increasingly dissimilar I would expect that the findings of this case will not apply. Organizations with less homogeneity among members would not likely have the same absence of value conflict. In this type of organization I would expect it more likely that crises would be confronted by more drastically changed values, because it is more likely that members holding competing alternative values would be ready and willing to present their values as replacements. Therefore, the model developed from this case study would not likely fit. More abrupt discontinuity (and less slow waxing and waning) would likely occur.

B. Methodological implications Future research in this genre would be strengthened with the use of either more extensive interviewing or a questionnaire instrument and with more real time techniques. Also a broader operationalization of the external environment would aid in explanation of change processes, particularly value changes.

More extensive interviewing or a questionnaire are means of more adequately getting at sharedness. Sharedness can only be measured by a systematic measurement of all members' values, which suggests that much more extensive interviewing or a questionnaire would be needed to adequately measure it. My research design was only able to get at perceptions of sharedness. Either I directly asked interviewees to estimate the degree of sharedness, or I searched for evidence of sharedness in documents or comments made by interviewees that indirectly addressed sharedness.

Some aspects of a study of this type cannot adequately be analyzed retrospectively due to distortions that increase with time. Studying in real time allows for observing activities as they happen. Real time observation is needed to determine the emergent versus prescribed nature of organizational design. Both documentary evidence and interviewing are weak in determining this dimension. Documentary evidence is too parsimonious to determine whether some element emerged or was prescribed. Many things that were prescribed were not written down which means that the complete story, especially the intentions of members, is not told in memos, letters, reports and minutes. The weakness of retrospective interviewing is that it is not necessarily accurate, because generally people perceive themselves as more deliberate and intentional in their decisions and actions than they actually are. Therefore, their retrospective reconstructions of events will tend to make design look more prescribed than it actually was. Once members know the end of the story they are likely to explain their actions differently than they would have had they told the story as it was unfolding

Interviewing closer in time to organizational activity would also help eliminate distortion. If participants are interviewed from time-to-time throughout the time period covered by a study rather than all at the end of the period as was the case in this study, distortions would be reduced. This would be especially helpful for waning values. For values that wane, it is difficult for participants to remember how and when change occurred, because the change at any given time is insignificant.

For this case's research design I argued that member perception of the environment is the appropriate operationalization for the environment. However, this may have been too limiting. For this case this operationalization of the environment worked well for the economic and financial environment. For example it makes sense to come to understand how the managers perceived the effects Free Trade had on the performance of the Factory and how they acted to confront that exigency. Nothing would be added to our understanding had I directly observed the effects of Free Trade and independently assessed its effect on performance. The limiting aspect of the operationalization has to do with values. Because values are so elusive and values within an organization are influenced by those in the environment, more direct focus on environmental elements would be beneficial. For this case a focus on the constituent environment (which constitutes the Factory's social structure and culture) would be especially beneficial. Selection emerged as an especially significant design element. I was not able to satisfactorily determine decision makers decision criteria and the values upon which they were based. I suggest that changes in values of new top managers is likely preceded by value changing among the board and the board members likely reflect values of the constituency. A focus on value trends in the constituency may have made it possible to more accurately trace value changes among decision makers. Focusing only on the perceptions of members is theoretically sufficient but operationally unnecessarily limiting. The values imperceptibly seep into the Factory membership from the constituency. Directly tracking the constituency could possibly have elucidated this process.

8.3 Implications for practice

The findings of this case study show that because values are the fundamental basis of the organization's design, selection and socialization are important functions for practitioners to pay attention to. There was limited formal socialization conducted by Factory management. There were worship meetings throughout much of the Factory's history and Thomson did some management training which may be considered formal socialization. This lack may have contributed to the value decay that occurred. Perhaps formal socialization would have helped maintain the values. If value decay is caused by a neglect of values, then it demands attention. If values will decay without maintenance socialization, then socialization must be managed in situations where change is not desired.

Personnel selection emerged as an important ingredient in both value maintenance and value change processes. Kingdom selected compliant managers rather than those who strongly held values that he considered most important. He failed to groom successors who held the values as strongly as he did. As a result, some of the values he held (e.g., labour provision for educational reasons) were not continued with much commitment strength after he left. This poses a dilemma for leaders who want to establish an organization that embodies a strong value system and have it continue after their departure. Compliant members are more likely to be susceptible to the values but are less likely to work to maintain them after the founder departs. On the other hand, value-driven members are less likely to be susceptible to the values but more likely to work to fulfill those values they hold. The solution to the dilemma is to select value-driven members who hold values similar to those held by the founder.

When values are held in abeyance due to a perceived crisis, it is important that decision makers continue to consider the values of new recruits, especially recruits to fill powerful positions. Even if the Factory had avoided bankruptcy, the values held in abeyance would likely have disappeared at least for a while. Even if the Factory had regained financial stability, it would have been unlikely that student employment values would have returned to a high level of saliency. I contend this because as each new wave of recruits were selected after values were held in abeyance, the values decreased in saliency. To keep the hope of returning those values to saliency, decision makers would have had to select managers who held those desired values even though the crisis required holding them in abeyance.

If on the other hand change is desired, then the values of new recruits need to be studied in order to ensure the desired values are held by them so that the change will be in the desired direction. Selection processes have an impact on value changing.

8.4 Conclusions

I must agree with Pettigrew (1987) that one case study cannot on its own prove a point. I do hope, however, that this case study will additively contribute to empirical findings of other studies in this genre and that it will also contribute to future theory development. This area of study has much more fruitful ground. The elaboration of the conceptual framework I have suggested in this chapter should aid this future research.

BIBLIOGRAPHY

Adler, Nancy J., Doktor, Robert, & Redding, S. Gordon. 1986. "From the Atlantic to the Pacific century: Cross-cultural management reviewed," *Journal of Management*, 12: 295-318.

Allaire, Yvan & Firsirotu, Mihaela E. 1984. "Theories of organizational culture," *Organization Studies*. 5: 193-226.

Barley, Stephen R. 1986. "Technology as an occasion for structuring: Evidence from observation of CT scanners and the social order of radiology departments," *Administrative Science Quarterly*. 31: 78-108.

Barley, Stephen R. 1990. "Images of imaging: Notes on doing longitudinal field work," *Organization Science*. 1: 220-247.

Barney, J.B. 1986. "Organizational culture: Can it be a source of sustained competitive advantage?" *Academy of Management Review*. 11: 656-665.

Bartunek, Jean M. 1984. "Changing interpretive schemes and organizational restructuring: The example of a religious order," *Administrative Science Quarterly*. 29: 355-372.

Bartunek, Jean M. 1988. "The dynamics of personal and organizational reframing." In Robert E. Quinn and Kim S. Cameron (eds.). *Paradox and Transformation: Towards a Theory of Change in Organization and Management*. Cambridge, Mass.: Ballinger. 19-63.

Bartunek, Jean M. and Moch, Michael K. 1987. "First-order, second-order, and third-order change and organization development interventions: A cognitive approach," *The Journal of Applied Behavioral Science*. 23: 483-500.

Bartunek, Jean M. and Franzak, Frank J. 1988. "The effects of organizational restructuring on frames of reference and cooperation," *Journal of Management*. 14: 579-592.

Bartunek, Jean M. and Ringuest, Jeffrey L. 1989. "Enacting new perspectives throught work activities during organizational transformation," *Journal of Management Studies*. 26: 541-560.

Beyer, Janice M. 1981. "Ideologies, values, and decision making in organizations." In Paul C. Nystrom & William H. Starbuck (Eds.). *Handbook of Organizational Design* Volume 2. Oxford: Oxford University Press. pp. 166-202.

Beyer, Janice M. and Trice, Harrison M. 1976. *Implementing Change*. New York: Free Press.

Beyer, Janice M., Dunbar, Roger L.M. and Meyer, Alan D. 1988. "Comment: The concept of ideology in organizational analysis," *Academy of Management Review*. 13: 483-489.

Blau, Peter M. and Scott, W.R. 1962. *Formal Organizations*. San Francisco: Chandler Publishing Company.

Brunsson, Nils. 1982. "The irrationality of action and action rationality: Decisions, ideologies and organizational actions," *Journal of Management Studies*. 19: 29-44.

Bryant, Christopher G.A. and Jary, David. 1990. "Introduction" Coming to terms with Anthony Giddens," In Christopher G.A. Bryant and David Jary (eds.). *Anthony Giddens' Theory of Structuration: A Critical Appreciation*. London: Routledge. pp. 1-31.

Burns, Tom and Stalker, G.M. 1961. *The Management of Innovation*. London: Tavistock.

Campbell, Donald T. and Stanley, Julian C. 1966. *Experimental and Quasi-Experimental Designs for Research*. Chicago: Rand McNally and Company.

Campbell, Donald T. 1984. "Foreword," In Robert K. Yin. *Case Study Research Design and Methods*. Beverly Hills, CA.: Sage Publications.

Cassell, Joan. 1977. "The relationship of observer to observed in peer group research," *Human Organization*. 36: 412-416.

Chandler, Alfred D., Jr. 1962. *Strategy and Structure*. Cambridge, Mass.: MIT Press.

Chatman, Jennifer A. 1991. "Matching people and organizations: Selection and socialization in public accounting firms," *Administrative Science Quarterly*. 36: 459-484.

Chen, Chao C. and Meindl, James R. 1991. "The construction of leadership images in the popular press: The case of Donald Burr and People Express," *Administrative Science Quarterly*. 36: 521-551.

Child, John. 1972. "Organizational structure, environment, and performance: The role of strategic choice," *Sociology*. 6: 1-22.

Child, John & Kieser, Alfred. 1981. "Development of organizations over time." In Paul C. Nystrom & William H. Starbuck (Eds.). *Handbook of Organizational Design* Volume 1. Oxford: Oxford University Press.

Child, John & Smith, Chris. 1987. "The context and process of organizational transformation - Cadbury Limited in its sector," *Journal of Management Studies*. 24: 565-593.

Clark, Burton R. 1956. "Organizational adaptation and precarious values: A case study," *American Sociological Review*. 21: 327-336.

Clark, Burton R. 1972. "The organizational saga in higher education," *Administrative Science Quarterly*. 17: 178-184.

Connor, Patrick E. & Becker, Boris W. 1975. "Values and the organization: Suggestions for research," *Academy of Management Journal*. 18: 550-561.

Cook, Thomas D. and Campbell, Donald T. 1979. *Quasi-Experimentation: Design and Analysis Issues for Field Settings*. Boston: Houghton Mifflin Company.

Dalton, Melville. 1959. *Men Who Manage: Fusion of Feeling and Theory in Administration*. New York: John Wiley & Sons, Inc.

Dandridge, Thomas C. 1983. "Symbols' function and use," In Louis R. Pondy, Peter J. Frost, Gareth Morgan & Thomas C. Dandridge (Eds.). *Organizational Symbolism*. Greenwich, Connecticut: JAI Press Inc.. pp. 69-79.

Deal, Terrence E. and Kennedy, Allan A. 1982. *Corporate cultures: Rites and rituals of corporate life*. Reading, Mass.: Addison-Wesley.

Denzin, Norman K. 1989. *The Research Act: A Theoretical Introduction to Sociological Methods*. Englewood Cliffs. NJ: Prentice Hall.

Dess, Gregory G. and Beard, Donald W. 1984. "Dimensions of organizational task environments." *Administrative Science Quarterly*. 29: 52-73.

Dowling, John & Pfeffer, Jeffrey. 1975. "Organizational legitimacy: Social values and organizational behavior," *Pacific Sociological Review*. 18: 122-136.

Downey, H. Kirk and Ireland, Duane. 1979. "Quantitative versus qualitative: Environmental assessment in organizational studies," *Administrative Science Quarterly*. 24: 630-637.

Duncan, Robert B. 1972. "Characteristics of organizational environment and perceived environmental uncertainty," *Administrative Science Quarterly*. 17: 313-327.

Dutton, Jane E. and Dukerich, Janet M. 1991. "Keeping an eye on the mirror: Image and identity in organizational adaptation," *Academy of Management Journal*. 34: 517-554.

Dyers, Jr. W. Gibb. 1985. "The cycle of cultural evolution in organizations." In Ralph H. Kilmann, Mary J. Saxton, and Roy Serpa (Eds.). *Gaining Control of the Corporate Culture*. San Francisco: Jossey-Bass Publishers. pp.200-229.

Eisenhardt, Kathleen M. 1989. "Building theories from case study research," *Academy of Management Review*. 14: 532-550.

Elsbach, Kimberly D. and Sutton, Robert I. 1992. "Acquiring organizational legitimacy through illegitimate actions: A marriage of institutional and impression management theories," *Academy of Management Journal*. 35: 699-738.

England, George W. 1967. "Personal value systems of American managers," *Academy of Management Journal*. 10: 53-68.

Enz. Cathy A. 1986. *Power and shared values in the corporate culture*. Ann Arbor, MI.: UMI Research Press.

Erlandson, David A., Harris, Edward L., Skipper, Barbara L., & Allen, Steve D. 1993. *Doing Naturalistic Inquiry*. Newbury Park: Sage Publications.

Evan, William M. 1976. *Organization Theory*. New York: John Wiley & Sons.

Fortune (1983). "The corporate culture vultures," October 17, 1983. *Fortune*.

Frost, Peter J., Moore, Larry F., Louis, Meryl Reis, & Lundberg, Craig C. 1991. "Thinking about organizational culture," In Peter J. Frost, Larry F. Moore, Meryl Reis Louis, Craig C. Lundberg, & Joanne Martin (Eds.). *Reframing Organizational Culture*. Newbury Park: Sage Publications.

Gemmill, Gary and Smith, Charles. 1985. "A dissipative structure model of organization transformation," *Human Relations*. 8: 751-766.

Giddens, Anthony. 1984. *The Constitution of Society*. Berkley: University of California Press.

Gioia, Dennis A. 1986. "Symbols, scripts, and sensemaking." In Henry P. Sims, Jr. & Dennis A. Gioia (Eds.). *The Thinking Organization*. San Francisco: Jossey-Bass Publishers. pp. 49-74.

Glaser, Barney G. and Strauss, Anselm L. 1967. *The Discovery of Grounded Theory: Strategies for Qualitative Research*. New York: Aldine Publishing Company.

Gordon, George G. 1991. "Industry determinants of organizational culture," *Academy of Management Review*, 16: 396-415.

Gouldner, Alvin W. 1954. *Patterns of Industrial Bureaucracy*. Glencoe, Ill.: The Free Press.

Gray, Barbara, Bougon, Michel G., & Donnellon, Anne. 1985. "Organizations as constructions and destructions of meaning," *Journal of Management*. 11: 83-98.

Greenwood, Royston and Hinings, C.R. 1988. "Organizational design tracks and the dynamics of strategic change," *Organization Studies*. 9: 293-316.

Greenwood, Royston and Hinings, C.R. 1993. "Understanding strategic changes: The contribution of archetypes," *Academy of Management Journal*. 36: 1052-1081.

Gregory, Kathleen L. 1983. "Native-view paradigms: Multiple cultures and culture conflicts in organizations," *Administrative Science Quarterly*. 28: 359-376.

Guba, Egon G. and Lincoln, Yvonna S. 1981. *Effective Evaluation*. San Francisco: Jossey-Bass Publishers.

Guth, William D. & Tagiuri, Renato. 1965. "Personal values and corporate strategy," *Harvard Business Review*. Sept.-Oct.: 123-132

Hannan, M. and Freeman, John. 1984. "The population ecology of organizations," *American Journal of Sociology*. 49:149-164.

Hannan, M. and Freeman, John. 1989. *Organizational Ecology*. Cambridge, MA.: Harvard University Press.

Hage, Jerald & Dewar, Robert. 1973. "Elite values versus organizationl structure in predicting innovation." *Administrative Science Quarterly*. 18:279-290.

Harrison, J. Richard and Carroll, Glenn R. 1991. "Keeping the faith: A model of cultural transmission in formal organizations," *Administrative Science Quarterly*. 36: 552-582.

Hedberg, Bo L.T. 1981. "How organizations learn and unlearn," In P.C. Nystrom and W.H. Starbuck (Eds.). *Handbook of Organizational Design*. New York: Oxford University Press.

Hinings, C.R. & Greenwood, Royston. 1988a. *The Dynamics of Strategic Change*. Oxford: Basil Blackwell.

Hinings, C.R. & Greenwood, Royston. 1988b. "The normative prescription of organizations," In Lynne G. Zucker (ed.). *Institutional Patterns and Organizations: Culture and Environment*. Cambridge, Mass.: Ballinger Publishing Company.

Howard, Robert. 1990. "Values make the company: An interview with Robert Haas," *Harvard Business Review*. 6: 133-144.

Jacob, Philip E. and Flink, James J. 1962. "Values and their function in decision-making," *American Behavioral Scientist*. 5(supplement 9): 5-38.

Jick, Todd D. 1979. "Mixing qualitative and quantitative methods: Triangulation in action," *Administrative Science Quarterly*. 24: 602-611.

Kanter, Rosabeth Moss. 1984. "Managing transitions in organizational culture: The case of participative management at Honeywell," In J.R. Kimberly & R.E. Quinn (Eds.). *Managing Organizational Transitions*. Homewood, IL: Richard D. Irwin.

Khandwalla, Pradip N. 1973. "Viable and effective organizational designs of firms," *Academy of Management Journal*. 16: 481-495.

Kilmann, Ralph H. 1985. "Five steps for closing culture-gaps." In Ralph H. Kilmann, Mary J. Saxton, and Roy Serpa (eds.). *Gaining Control of the Corporate Culture*. San Francisco: Jossey-Bass Publishers. pp. 351-369.

Kimberly, John R. 1987. "The study of organization: toward a biographical perspective." In J.W. Lorsch (ed.). *Handbook of Organizational Behavior*. Englewood Cliffs, NJ.: Prentice Hall. pp. 223-237.

Kimberly, John R. & Rottman, David B. 1987. "Environment, organization and effectiveness: A biographical approach," *Journal of Management Studies*. 24: 595-621.

Kluckhohn, Clyde. 1951. "Values and value-orientations in the theory of action: An exploration in definition and classification." In Talcott Parsons and Edward A. Shils (Eds.). *Toward a General Theory of Action*. New York: Harper and Row. pp. 388-433.

Larson, Andrea. 1992. "Network dyads in entrepreneurial settings: A study of the governance of exchange relationships," *Administrative Science Quarterly*. 37: 76-104.

Lawrence, Paul R. and Lorsch, Jay W. 1969. *Organization and Environment*. Homewood, Ill.: Irwin.

Lindblom, Charles E. 1965. *The Intelligence of Democracy*. New York: Free Press.

Lofland, John and Lofland, Lyn H. 1984. *Analyzing Social Settings*. Second Edition. Belmont, CA.: Wadsworth Publishing Company.

Lorsch, Jay W. 1985. "Strategic myopia: Culture as an invisible barrier to change," In Ralph H. Kilmann, Mary J. Saxton, and Roy Serpa (eds.). *Gaining Control of the Corporate Culture*. San Francisco: Jossey-Bass Publishers. pp. 84-102.

Louis, Meryl Reis. 1985. "Sourcing workplace cultures: Why, when, and how," In Ralph H. Kilmann, Mary J. Saxton, and Roy Serpa (eds.). *Gaining Control of the Corporate Culture*. San Francisco: Jossey-Bass Publishers. pp. 126-136.

March, J.G. and Simon, H.A. 1958. *Organizations*. New York: John Wiley & Sons.

Marshall, Catherine and Rossman, Gretchen B. 1989. *Designing Qualitative Research*. Newbury Park, CA.: Sage Publications.

Martin, Joanne. 1982. "Stories and scripts in organizational settings," In A. Hastorf and A Isen (eds.). *Cognitive Social Psychology*. New York: North Holland. pp. 255-305.

Martin, Joanne, Feldman, Martha S., Hatch, Mary J., and Simkin, Sim B. 1983. "The uniqueness paradox in organizational stories," *Administrative Science Quarterly*. 28: 438-453.

McCracken, Grant. 1988. *The Long Interview*. Newbury Park, CA.: Sage Publications.

Meek, V. Lynn. 1988. "Organizational culture: Origins and weaknesses," *Organization Studies*, 9: 453-473.

Meyer, Alan D. 1982. "How ideologies supplant formal structures and shape responses to environments," *Journal of Management Studies*. 19: 45-61.

Meyer, John W. and Rowan, Brian. 1977. "Institutional organizations: Formal structure as myth and ceremony," *American Journal of Sociology*. 83: 340-363.

Meyerson, Debra & Martin, Joanne. 1987. "Cultural change: An integration of three different views," *Journal of Management Studies*. 24: 623-647.

Miles, Matthew B. 1979. "Qualitative data as an attractive nuisance: The problem of analysis," *Administrative Science Quarterly*. 24: 590-601.

Miller, Danny. 1988. "Relating porter's business strategies to environment and structure: Analysis and performance implications," *Academy of Management Journal*. 31: 280-308.

Miller, Danny. 1990. *The Icarus Paradox*. New York: Harper Collins.

Miller, Danny. 1993. "The architecture of simplicity," *Academy of Management Review*. 18: 116-138.

Miller, Danny and Friesen, Peter H. 1982. "The longitudinal analysis of organizations: A methodological perspective," *Management Science*. 28: 1013-1034.

Miller, Danny and Friesen, Peter H. 1984. *Organizations: A Quantum View*. New York: Prentice-Hall.

Miller, Danny, Droge, C. & Toulouse, J.M. 1988. "Strategic process and content as mediators between organizational content and structure." *Academy of Management Journal*. 31: 544-569.

Mintzberg, Henry. 1979. *The Structuring of Organizations: A Synthesis of the Research*. Englewood Cliffs, N.J.: Prentice-Hall, Inc.

Mintzberg, Henry. 1989. *Mintzberg on Management: Inside Our Strange World of Organization*. Glencoe, Ill.: Free Press.

Mintzberg, Henry. 1995. "Managing government, governing management," *Academy of Management Annual Meeting 1995*. Distinguished speaker presentation.

Mitchell, J. Clyde. 1983. "Case and situation analysis," *Sociological Review*. 31: 187-211.

Mitroff, Ian I. 1972. "The myth of objectivity or why science needs a new psychology of science," *Management Science*. 18: B613-B618.

Murnighan, J. Keith and Conlon, Donald E. 1991. "The dynamics of intense work groups: A study of British string quartets," *Administrative Science Quarterly*. 36: 165-186.

Oliver, Christine. 1992. "The antecedents of deinstitutionalization," *Organization Studies*. 13: 563-588.

Pauly, Edward, Kopp, H. & Haimson, J. 1995. *Homegrown Lessons: Innovative Programs Linking School and Work*. San Francisco: Jossey-Bass.

Patton, Michael Q. 1980. *Qualitative Evaluation Methods*. Beverly Hills, CA.: Sage Publications.

Pentland, Brian T. 1992. "Organizing moves in software support hot lines," *Administrative Science Quarterly*. 37: 527-548.

Peters, Thomas J. And Waterman, Robert H. Jr. 1982. *In search of excellence*. New York: Harper & Row.

Pettigrew, Andrew M. 1979. "On studying organizational cultures," *Administrative Science Quarterly*. 24: 570-581.

Pettigrew, Andrew M. 1985. *The Awakening Giant: Continuity and Change in Imperial Chemical Industries*. Oxford: Basil Blackwell Ltd.

Pettigrew, Andrew M. 1987. "Context and action in the transformation of the firm," *Journal of Management Studies*. 24:649-670.

Pfeffer, Jeffrey. 1981. "Management as symbolic action: The creation and maintenance of organizational paradigms," In Larry L. Cummings and Barry M. Staw (eds.). *Research in Organizational Behavior*, 3: 1-52. Greenwich, CT.: JAI Press.

Pfeffer, Jeffrey. 1982. *Organizations and Organization Theory*. Boston: Pitman.

Pfeffer, Jeffrey and Salancik, Gerald. 1978. *The External Control of Organizations : A Resource-Dependence Framework*. New York: Harper and Row.

Powell, Thomas C. 1991. "Organizational alignment as competitive advantage," *Strategic Management Journal*. 12: 589-606.

Pugh, Derek S., Hickson, David J. and Hinings, C.R. 1969. "The context of organizational structures," *Administrative Science Quarterly*, 14: 91-114.

Rafaeli, Anat and Sutton, Robert I. 1991. "Emotional contrast strategies as means of social influence: Lessons from criminal interrogators and bill collectors," *Academy of Management Journal*. 34: 749-775.

Ranson, Stewart, Hinings, Bob & Greenwood, Royston. 1980a. "The structuring of organizational structures," *Administrative Science Quarterly*. 25: 1-17.

Ranson, Stewart, Hinings, Bob, Greenwood, Royston & Walsh Kieron. 1980b. "Value preferences and tensions in the organization of local government." In David Dunkerley and Graeme Salaman (eds.). *The International Yearbook of Organization Studies*. London: Routledge and Kegan Paul. pp. 197-221.

Rokeach, Milton. 1968. *Beliefs, attitudes, and values*. San Francisco: Jossey-Bass.

Romanelli, Elaine & Tushman, Michael L. 1994. "Organizational transformation as punctuated equilibrium: An empirical test," *Academy of Management*. 37: 1141-1166.

Roth, Julius A. 1974. "Turning adversity to account," *Urban Life and Culture*. 3: 347-359.

Sackmann, Sonja A. 1992. "Culture and subcultures: An analysis of organizational knowledge," *Administrative Science Quarterly*. 37: 140-161.

Sales, Amy L. and Mirvis, Philip H. 1984. "When cultures collide: Issues in acquisition," In John R. Kimberly and Robert E. Quinn (eds.). *Managing Organizational Transitions*. Homewood, Ill.: Richard D. Irwin Inc., pp. 107-133.

Saraph, Jayant V. 1992. "Human resources strategies for effective introduction of advanced manufacturing technologies," *Production & Inventory Management Journal*. First quarter: 64-70.

Sathe, Vijay. 1985. "How to decipher and change corporate culture," In Ralph H. Kilmann, Mary J. Saxton, and Roy Serpa (eds.). *Gaining Control of the Corporate Culture*. San Francisco: Jossey-Bass Publishers. pp. 230-261.

Schein, Edgar H. 1990. "Organizational culture," *American Psychologist*. 45: 109-119.

Schein, Edgar H. 1985. "How culture forms, develops, and changes," In Ralph H. Kilmann, Mary J. Saxton, and Roy Serpa (eds.). *Gaining Control of the Corporate Culture*. San Francisco: Jossey-Bass Publishers. pp. 17-43.

Schein, Edgar H. 1991. "What is culture?" In Peter J. Frost, Larry F. Moore, Meryl Reis Louis, Craig C. Lundberg, & Joanne Martin (Eds.). *Reframing Organizational Culture*. Newbury Park: Sage Publications. pp. 243-253.

Schein, Edgar H. 1991. "The role of the founder in the creation of organizational culture," In Peter J. Frost, Larry F. Moore, Meryl Reis Louis, Craig C. Lundberg, & Joanne Martin (Eds.). *Reframing Organizational Culture*. Newbury Park: Sage Publications. pp. 14-25.

Schon, Donald A. 1971. *Beyond the Stable State*. London: Smith.

Selznick, Philip. 1949. *T.V.A. and the Grass Roots*. Berkeley: University of California Press.

Selznick, Philip. 1957. *Leadership in administration: A sociological interpretation*. Evanston, Ill.: Row, Peterson and Company.

Sheridan, John E. 1992. "Organizational culture and employee retention," *Academy of Management Journal*. 35: 1036-1056.

Sieber, Sam D. 1976. *Project on social architecture in education (memorandum)*. New York: Center for Policy Research.

Simmons, Valerie M. 1985. "Reconstructing and organization's history," In David N. Berg and Kenwyn K Smith (eds.). *Exploring Clinical Methods for Social Research*. Beverly Hills, CA.: Sage Publications. pp. 287-304.

Smaling, Adri. 1992. "Varieties of methodological intersubjectivity - the relations with qualitative and quantitative research, and with objectivity," *Quality & Quantity*. 26: 169-180.

Smircich, Linda. 1983. "Concepts of culture and organizational analysis," *Administrative Science Quarterly*. 28: 339-358.

Sproull, Lee S. 1981. "Beliefs in organizations." In Paul C. Nystrom & William H. Starbuck (Eds.). *Handbook of Organizational Design* Volume 2. Oxford: Oxford University Press. pp. 167-224.

Starbuck, William H. 1982. "Congealing oil: Inventing ideologies to justify acting ideologies out," *Journal of Management Studies*. 19: 1-27.

Starbuck, William H. 1983. "Organizations as action generators," *American Sociological Review*. 48: 91-102.

Starbuck, William H., Greve, Arent and Hedberg, Bo L.T. 1978. "Responding to crisis," *Journal of Business Administration*. 9: 111-137.

Stern, David, Finkelstein, N., Stone III, J.R., Latting, J & Dornsife, C. 1995. *School to Work: Research on Programs in the United States*. Falmer Press.

Strauss, Anselm and Corbin, Juliet. 1990. *Basics of Qualitative Research*. Newbury Park, CA.: Sage Publications.

Sutton, Robert I. 1991. "Maintaining norms about expressed emotions: The case of bill collectors," *Administrative Science Quarterly*. 36: 245-268.

Thompson, James D. 1967. *Organizations in Action*. New York: McGraw-Hill.

Tushman, Michael L. and Romanelli, Elaine. 1985. "Organizational evolution: A Metamorphosis model of convergence and reorientation," *Research in Organizational Behavior*, 7: 171-222.

Tushman, Michael L., Newman, William H., and Romanelli, Elaine. 1986. "Convergence and upheaval: Managing the unsteady pace of organizational evolution," *California Management Review*. 29(1): 29-44

Van de Ven, Andrew H. And Poole, Marchall Scott. 1995. "Explaining development and change in organizations," *Academy of Management*. 20: 510-540.

Van Maanen, John. 1976. "Breaking in: Socialization to work." In Robert Dubin (ed.). *Handbook of Work, Organization, and Society*. Chicago: Rand McNally College Publishing Company. 67-130.

Van Maanen, John and Barley, Stephen R. 1984. "Toward a theory of organizational socialization," In Barry M. Staw and Larry L. Cummings (eds.). *Research in Organizational Behavior*, 6: 287-365. Greenwich, CT.: JAI Press.

Weber, Max. 1947. *The Theory of Social and Economic Organization*. (translated by Henderson, A. & Parsons, T.). New York: Oxford University Press.

Weick, Karl E. 1974. "Amendments to organizational theorizing," *Academy of Management Journal*. 17: 487-502.

Weick, Karl E. 1979. *The Social Psychology of Organizing*. Reading, Mass.: Addison-Wesley Publishing Company.

Wiener, Yoash. 1988. "Forms of value systems: A focus on organizational effectiveness and cultural change and maintenance," *Academy of Management Review*, 13: 534-545.

Wilkins, Alan L. 1983. "Organizational stories as symbols which control the organization." In Louis R. Pondy, Peter J. Frost, Gareth Morgan & Thomas C. Dandridge. *Organizational Symbolism*. Greenwich, Connecticut: JAI Press Inc. 81-92.

Wilkins, Alan L. and Bristow, Nigel J. 1987. "For successful organization culture, honor your past," *The Academy of Management Executive*. 1: 221-229.

Woodward, Joan. 1965. *Industrial Organization: Theory and Practice*. London: Oxford University Press.

Yin, Robert K. 1984. *Case Study Research: Design and Methods*. Beverly Hills, CA.: Sage Publications.

Yin, Robert K. 1989. *Case Study Research: Design and Methods* (Revised edition). Newbury Park, CA.: Sage Publications.

Young, Ed. 1991. "On the naming of the rose: Interests and multiple meanings as elements of organizational culture," In Peter J. Frost, Larry F. Moore, Meryl Reis Louis, Craig C. Lundberg, & Joanne Martin (Eds.). *Reframing Organizational Culture*. Newbury Park: Sage Publications. pp. 90-103.

Zucker, Lynne G. 1987. "Normal change of risky business: Institutional effects on the 'hazard' of change in hospital organization," *Journal of Management Studies*. 24: 671-700.

APPENDICES

Appendix A - Influential reports

Name used here	Description of report
1966 Self-evaluation study	This was a report written by College administrators following a self-evaluation of the College program. It includes consideration of matters involving the Factory.
1967 Consultants' report	This was a report prepared by two consultants who worked for other Church organizations. It was prompted by a problem with inventories, but the recommendations in the report spanned a broader scope.
1972 Conference	The top management of the Factory went on a retreat and prepared a proposal containing plans, objectives, job descriptions of top management and a new organization structure. The proposal was approved by the College board.
1982 Ross Associates report	Ross Associates were engaged as consultants "to improve productivity and increase efficiency at [the Factory]."
1982 Employees' report	A group of employees, who perceived that the Factory was in a "turmoil" and that it could close at any time leaving them without jobs, prepared a report for management outlining "overall improvement of the factory operation."
1984 Henderson-Feris report	Henderson-Feris & Associates were engaged as a consultants "to evaluate whether there is a viable core business that can again become profitable."

Appendix A, ctn. - Influential reports

Name used here	Description of report
1984 College administration proposal	This report was prepared by College administration because they believed that "cash-flow problems stem[med] primarily from the [Factory] operations."
1985 College review committee	This was a report written by an ad hoc committee of the board of trustees. The membership was comprised of five lay people from across the Canada and six Church employees from various Church organizations across the nation.
1985 Incorporation committee	This report was prepared by an "ad hoc committee to study the feasibility of incorporating the industries separate from the college corporation."
1985 Business plan	This plan was developed by the new Factory board. A statement of the "purpose for existence" and "objectives" in the plan are shown in Appendix D.
1985 Brown report	This report was based on a study conducted by an ad hoc committee headed by Brown, formerly head of the Church's world conference department of education. In late 1985 the College board asked the committee "to analyze the present situation of the college - academically, financially and industrially. The committee stated their mandate relating the "industrial" portion of their study as follows: "The committee reviewed the operations of the industries in general.... The much larger question, however, with respect to each industry is as follows: Is the industry a viable economic entity for the long term?"

Appendix A, ctn. - Influential reports

Name used here	Description of report
1986 Holdco acquisition of industries report	The ad hoc committee appointed to "propose to the Board of Trustees of [the College] appropriate procedures to follow for the separation of the college academic operations and the operations of the college-owned industries."
1986 Thomson report	Prior to between a member of the Factory, Thomson was invited to study the Factory as a consultant "to determine viability, then find problems and recommend solutions."
1989 Business plan	Thomson prepared a business plan which was approved by the Holdco board on February 13, 1989
1990 Alumni publication article	In the early part of 1990 the College vice president for advancement wrote an article about the Factory in a publication produced by the College for its alumni. The article begins with the title and caption "The Factory: Optimism pervades at [the Factory]. Performance today, as compared to 12 months ago has changed." The first sentence of body of the article is: "Everyone loves a success story." The writer tells a brief history of the Factory, the financial difficulties of recent years, and the many changes the Factory management had implemented to yield success.

Name used here	Description of report
1991 Holdco Steering Committee report	This committee wrote and presented a report titled " Preliminary Report of the Study Committee on the Future Involvement of the Church in Industries." They describe themselves and their mandate in their report as follows: "By action of the Executive Committee of the [Church's national conference] at its meeting on the 9th of December, 1990, a committee of seven was chosen to give study to the future involvement of the [Church's national conference] in industries.... By way of introduction, the committee was made up of five businessmen, a hospital president and a lawyer. The committee viewed its mandate as follows: 1. Review and advise the Church on its future role in any commercial venture; 2. Advise the church with respect to its present involvement in commercial ventures; 3. Provide recommendations on extrication of the Church from its present involvement. The Canadian conference president, in his Church periodical article, described the committee and its mandate as follows: "In December, 1990, the Executive Committee of the [Church] in Canada selected a sub-committee of seven [Church member] business and management experts for a special assignment. The sub-committee was asked to study the overall involvement of the Church in commercial enterprises and in particular to study the current relationship of the Church to [the Factory] and to [the Press] - both located on the campus of [the College]."

Appendix B - Outline of 1972 Conference

The purpose of the conference was to study various aspects of the Factory with respect to:

1. Objectives
2. Organization
3. Plans
4. Job Descriptions
5. Personnel

The "pertinent questions" the participants addressed were:

1. Why does the Factory exist?
2. Where is the Factory going?
3. What is the Factory expecting to achieve?
4. When does the Factory expect to achieve its goals?
5. How does the Factory expect to achieve its goals?

Ten objectives developed at the conference:

Objective #1

It is our objective as Instruments for the College, to produce a marketable product at a profit for the enterprise.

Profit will be measured as 5% on Net Sales for the year 1972-73.

Objective #2

It is our objective to maintain a quality product at competitive market prices and with high consumer acceptance.

We define our market as on capable of handling our product in the medium wholesale price range.

Objective #3

The sales objective of the Factory, for the year 1972-73, shall be to reach a net sales volume of one million dollars ($1,000,000.00).

Territorial sales objectives for the year are: [breakdown among the three western provinces].

Objective #4

To build a better company image through maintenance of good customer relationships.

We shall endeavour to achieve the objective of favorable company-customer communications through regular and systematic service calls.

Sales returns and allowances shall be kept within 1.5% of annual gross sales.

Objective #5

It is our objective to have a work team that functions as a single instrument for the profitable and efficient production of high quality goods and services.

These will be measured by, and a satisfactory result achieved when, a gross profit of 18% is reached.

Objective #6

It is our objective to develop and maintain an informative and accurate Cost Control System.

This system will be implemented by July 1, 1972, and be totally in effect by July 1, 1973.

As new products are developed, a cost analysis will be completed within one month of the development date.

Objective #7

It is the objective of the Factory to provide a service to the College, and the local community through providing 115,000 hours of employment.

Realizing that students must gain a sense of responsibility as part of their total education, we shall utilize as much student labor as is economically feasible within the total profit and production objective of the Company.

We shall endeavour to maintain the ratio of student labor hours to non-student hours at the current 1:2 ratio.

Objective #8

It is our objective for the year 1972-73 to achieve a real growth of 5% in terms of Net Sales.

In so doing, through increased efficiency and utilizing full production facilities, total man-hours will not exceed 115,000.

Objective #9

Our Product Development objective is to develop a new product, or to modify an existing product at the rate of one per month through the fiscal year 1972-73.

Objective #10

It is our objective to maintain a consistent 5% profit on Net Sales, to enable us to begin construction on a new physical plant within the next five years.

Appendix C - Statement of purpose and objectives in 1985 business plan

Purpose For Existence

To be the [on one copy of this document "the" was crossed out and "a" was hand-written in] leading manufacturer and distributor of high quality furniture.

Objectives

I. To seek out new designs and innovations that keep us at the leading edge in the upholstered furniture market. ....
II. To earn sufficient "Return on Investment" to enable us to provide continual employment for our people....
III. To maintain steady growth in sales....
IV. To improve market share in Canada....
V. To maintain enough volume to benefit from economies of scale....
VI. To increase the payments and benefits to our people by improving our level of productivity....
VII. To optimize on available capacity....
VIII. To obtain additional distribution channels that provide access to larger markets.
IX. Customer satisfaction.
X. To seek out other suppliers of products that complement out lines.
XI. To seek out concepts of converting wastes to saleable products.

Appendix D - Statement of mission and terms of reference of Holdco

Statement of Mission and Terms of Reference October, 1987 (as recommended to Executive Committee)

Statement of Mission:

[Holdco] has been established by the [the Church] to operate commercial enterprises for the purpose of providing financial support to the education ministry of the church in Canada and employment opportunity to students and support persons of students in the education system of the church.

Terms of Reference:

1. Ownership - [Holdco] is owned entirely by [the Church] as a non-profit corporation. It in turn owns subsidiary for-profit operating entities in the pursuit of its mission. Such subsidiary operating entities may be wholly-owned or partially-owned with retention of a majority controlling interest.

2. Management - The Board of Directors of [Holdco] is appointed by the Executive Committee(s) of the owner with full responsibility for the management of the corporation. This Board of Directors may appoint such Operating Boards of subsidiary operating entities as it deems necessary.

3. Operating Philosophy - As a church-owned organization, [Holdco] will operate in a manner consistent with and representative of the church. Products and services of all [Holdco]-related entities will maintain high standards of quality and integrity. Directors and senior management personnel will be expected to uphold and practice Christian principles as taught and practiced by the church.

4. Student Employment - For each operating entity, a standard will be established by the [Holdco] Board of Directors as to the component of student employment opportunities in consideration of the nature of the particular operation. The compliance to this standard will be reviewed on a continuing basis.

5. Economic Indicators - Objectives for operating results such as "Operating Profit", "Return on Investment", and "Debt/Equity Ratio" will be established on the basis of industry norms for the particular operation. Any deficiency in capitalization will be considered in assessing the viability of a given operation.

6. Reporting - Regular communication including operating reports on a minimum quarterly basis will be made available to the administrative officers of the owner.